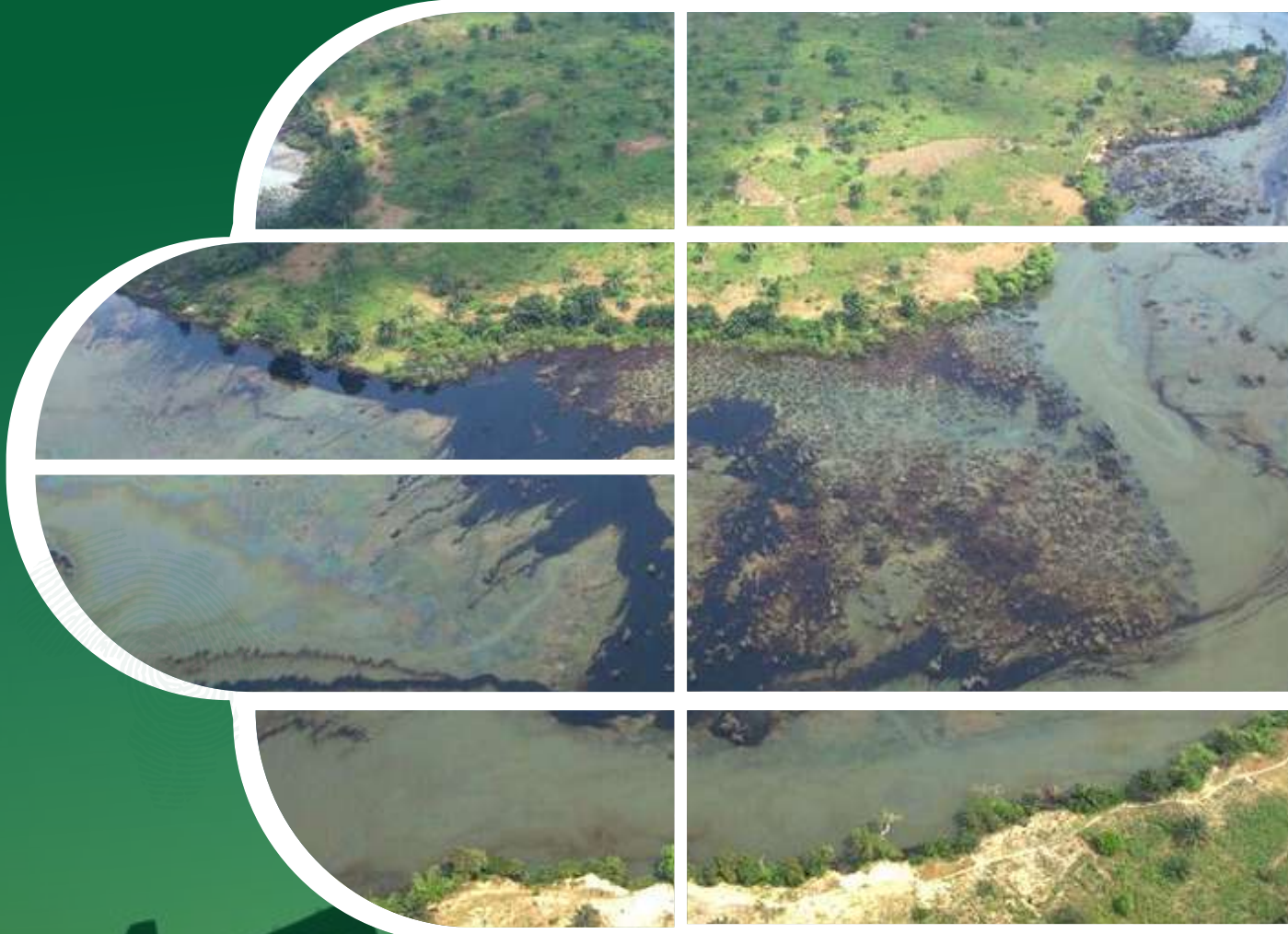




**MARGINAL FIELDS' AWARDS, REGULATORS'
INDEPENDENCE, & ENVIRONMENTAL INJUSTICE:
*Paradox of Beneficial Ownership and the
Host Communities***



A Publication of Human and Environmental Development Agenda

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Centre for
Energy Policy**

ABOUT HEDA RESOURCE CENTRE

WHO WE ARE

The Human and Environmental Development Agenda (HEDA Resource Centre) is a leading good governance, anti-corruption, transparency and accountability, climate change, sustainable development and environmental justice organization in Nigeria, founded in November 2001 and duly registered in Nigeria in February 2004 as an incorporated trustee, a non-profit, non-partisan and Non-Governmental Organization (NGO). The organization has observer status with the UN ECOSOC, UNFCCC as well as the Green Climate Fund and membership of several coalitions and networks.

VISION

An Africa where all persons regardless of locations and situation have the freedom and ability to enjoy the benefits of good governance, and respect for human dignity in a sustainable environment.

MISSION

To serve as a policy and advocacy center for research, capacity-building and campaign on accountability, anti-corruption, public participation, environment, good governance, and human rights.

CORE VALUES

- Zero tolerance for discrimination against any person or group of persons based on gender, ethnicity, disability and religion.
- Zero tolerance for all acts perpetrating or encouraging all forms of abuse, violence and discrimination against vulnerable groups in society.
- A principle of equal opportunities, participation and inclusion
- Adherence to best practices in environmental protection, sustainable development, natural resource extraction and biodiversity conservation.
- Strict adherence to integrity, accountability, transparency, and best ethical standards in pursuit of organizational goals and objectives.

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ACKNOWLEDGMENT

In 2013, to curb the issue of corruption and illicit financial flows in the extractive sector, Extractive Industries Transparency Initiatives (EITI) began a journey to tackle corruption, tax evasion, disguised ownership, and money laundering associated with hidden company ownership in the extractive sector and set a deadline of 1st January 2020 for countries to establish an open register for beneficiary ownership. This register is meant to contain information on the real and true owners of all companies operating in the oil, gas and mining sectors. In Nigeria, the Corporate Affairs Commission (CAC) in 2020, amended its law to reflect amongst others, the disclosure of persons with significant control. This ought to be a national register of beneficial owners of all companies in Nigeria. The Nigeria Extractive Industries Transparency Initiatives (NEITI) has its open register of beneficial ownership for companies operating in the Nigerian extractive sector. However, this register, as at present, does not reveal or reflect the intent behind beneficial ownership disclosure and register.

Although these efforts represent a significant stride in the right direction, there remains a substantial compliance issue. The CAC's disclosure of person with significant control in a company only requires directors with more than 5% ownership of share to register as person with significant control. This fails to actually reflect beneficial owners who are not directors of the company.


This project is a fall-out of our publication titled: **“Spotlighting the Oil and Gas: A review of the 2020/2021 Marginal Fields Bid Licensing Round in Nigeria”** Part 3 of the publication stated that all beneficiaries of the 2020/2021 marginal field bid licensing round are indigenous company. This ordinarily should be a vote of confidence on the local and indigenous companies' capacity for undertaking development of the oil and gas sector, especially in the upstream sector. However, that further imposes the need for scrutinizing the beneficial ownership of these companies for the purpose of unravelling potentials for corruption. This is also important considering past history of corruption and oil theft in the oil and gas sector.

The bidding process saw the arbitrary lumping of bidders (companies) together in different Special Purpose Vehicles (SPVs) as co-owners of marginal fields without regards for divergent corporate governance background and business culture of individual bidding company. This saw the partnership of companies without verification of the true owners and financiers of these companies. Some companies opted out of the bidding, because SPV arrangement was not in their plan, while others continued. Also, beyond the SPVs, there were also issues of opacity in the SPVs as the bidding process and communication were not made public. The bidding beneficiaries were not disclosed until conclusion stage.

The allegation of corruption in the bidding process led to the President dropping the names of a director at the defunct Department of Petroleum Resources from the board of the NMDPRA. Although, the bidding process has been concluded and the licences awarded to successful companies, hence, the importance of this work.

We note several remarkable efforts of the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) to redeem the process and further sanitize the award processes through public engagement and proactive information disclosure, our commitment to fundamental reform of the sector and promotion of accountability in governance and economic sector of the country demands consistent vigilant monitoring of the process and popular participation of constituencies.

¹ <https://sweetcrudereports.com/dpr-boss-auwalu-dropped-as-nominee-on-nmdpra-board/>



HEDA therefore commissioned two team of investigative journalists, selected through open call for applications to investigate emerging concerns from the 2020/2021 Marginal Oil Fields bidding process. The investigations were divided into two focus areas:

- a. Investigation of beneficial owners, issues and risks for corruption in the award of the 2020/2021 marginal field and activities of successful bidders in the exploration of the fields.
- b. Investigation of Divestment, Decommissioning and Abandonment and general impacts of exploration on the communities and the people therein.

Messrs Felix John Osayosemi and Nurudeen Akewushola worked on: Investigation of beneficial owners, issues and risks for corruption in the award of the 2020/2021 marginal field and activities of successful bidders in the exploration of the fields, while Ms. Elfredah Kevin-Alerechi and Mr. Sunday Elom focused on: Investigation of divestment, issue of Decommissioning and Abandonment and general impacts of exploration on the communities and the people therein.

Their reports were then complimented into this publication by one of our Consultants, Mr. Francis Abayomi supported by the program team members of the organization.

This publication has made some fundamental revelations on the level of transparency and accountability in the extractive sector, especially as regards non-adherence to the country's laws and regulations. Corruption and weak regulatory supervisions have yet again, relegated the once celebrated Petroleum Industry Act, Companies and Allied Matters Act (CAMA), mechanisms on beneficial ownership, decommissioning and abandonment, host communities trust funds amongst others to the background and given room for impunity to reign.

We remain grateful to the Africa Centre for Energy Policy (ACEP) for its partnership with the organisation since 2021 when the first grant was awarded on the subject matter. This partnership has aided HEDA's work and advocacy in the extractive sector.

It is noteworthy that this publication has yet again, reinforces HEDA's commitment in anti-corruption, promoting good governance and transparency, and contributing towards climate justice in Nigeria.

Thank you.

Olanrewaju Suraju

Chairman, HEDA Resource Centre

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INTRODUCTION

The challenge of legislation and regulatory frameworks in the Nigeria's oil sector has, to a large extent, been shaped by the contexts of elite politics and unbridled corruption. The 1956 discovery of oil by Shell-BP in Oloibiri in present day Bayelsa State set the stage for subsequent extractive activities in commercial scales across the oil-rich Niger Delta region. The history of oil exploration and management of petroleum resources in Nigeria resonate with the challenges across sectors of the economy as well as the social and political landscapes. Nigeria, the largest oil producer in Africa and the sixth-largest global exporter, presents the scenario of a country plagued by resource curse. In the oil-rich Niger Delta region, the immediate environment of the host communities has been left devastated by decades of extractive activities carried out by oil multinationals.

Decades of oil exploration has led to loss of livelihoods of the indigenous population who are also largely exposed to adversities of poor living conditions and exposure to diseases occasioned by frequent spills and gas flares. While oil wealth has led to the abysmal neglect of other critical sectors of the economy, the elite however exploited the gaps in regulatory frameworks as well as failure of policies in the sector to covet economic advantage; leading to culture of corruption which has become intensely entrenched in the society. Ingrained in the self-serving intra-class politics of the elite is the divisive agenda of prioritising the interest of multi-national oil companies and their local partners over and above the interest of the host communities. In effect, the host communities have been left prostrate in spite of the multi-billion dollar revenues generated in the over five decades of booming petrodollar economy marked by over 85% export earnings and contribution of not less than 60% revenue to the annual budget.

It turned out that the predilection for intrigues and opacity that characterised award of oil licenses to beneficial owners as well as contract to major players in the upstream, midstream and downstream of oil and gas sectors also played out with the 2020/2021 marginal field round. This scenario is consistent with decades-long shortcomings associated with the awards of oil wells and contracts by successive governments owing to absence of transparency and accountability in regulatory process. The anomalies associated with contract awards and concessioning are however not without the failure of regulatory oversight by the Nigerian National Petroleum Corporation (NNPC) now the Nigerian National Petroleum Company Limited (NNPCL), the defunct Department of Petroleum Resources (DPR) now Nigerian Upstream Petroleum Regulatory Commission (NUPRC) and other subsidiaries. Therefore, the procedural abuse peculiar to the Nigerian oil and gas sectors rears its ugly head in the bidding process for 2020/2021 marginal field awards and largely undermined the cardinal objectives of the Petroleum Industry Act (PIA) with consequences for the corporate integrity of Nigerian oil sector.

The lack of due process and corruption that characterised the 2020/2021 marginal field bid is the focal issue addressed in this publication alongside the prevailing parlous conditions of the host communities and the continued marginalisation of the indigenous people of the Niger Delta region in the face of fear and concern over the likelihood of abandonment as a consequence of the divestment and decommissioning by the international oil corporations. This publication is predicated on the outcomes of two separate investigations conducted by journalists which involved (desk reviews and field investigation) of the regime of corruption in the award of oil licenses as well as issues relating to the impact of divestment, decommissioning and likely abandonment on the host communities.



The outcomes of the investigations are two separate reports: (i) *Beneficial Ownership and Corruption in the 2020/2021 Marginal Field Awards in Nigeria*. (ii) *Divestment, Decommissioning and Abandonment as well as Impacts of Exploration on the Host Communities* which substantially fed in into the contents of this publication.

The corrupt activities associated with beneficial ownership in the oil and gas sectors as evidenced in the award of marginal fields during the 2020/2021 bid round are examined in *section I* while *section II* focused on issues relating to divestment and decommissioning, leading to possible abandonment of assets, and the implications for the environments of host communities yet to be fully remediated following decades of devastation as a consequence of the extractive activities of International Oil Corporations (IOCs).

Notably in January 2024, Shell announced plans to sell its Nigerian onshore subsidiary, Shell Petroleum Development Company (SPDC) to Renaissance Africa Energy Company Limited - a consortium of Nigerian and international energy companies - for \$1.3 billion in a divestment deal. In spite of concerns of stakeholders, the Nigerian government approved the deal in December 2024. Divestment by Shell fueled concerns that the international oil corporation might exit without adequately addressing the environmental injustice caused by its operations, particularly the oil spills that have devastated farmlands and destroyed livelihoods across the Niger Delta for which remediation interventions have already commenced across communities in Ogoni, Rivers State.

2020/2021 marginal fields' bid round was an exercise within the context of oil mining lease which revolves around concessioning, unincorporated joint ventures and production sharing contracts. Beneficial ownership in the upstream sector is achievable through three modes of acquisitions: *Oil Exploration License (OEL)*, *Oil Prospecting License (OPL)* and *Oil Mining Lease (OML)*. The oil and gas industry operates across three main sectors; namely: Upstream sector (for exploration and production); Midstream sector (for processing, storing, and transporting); Downstream sector (for distribution, marketing, and retailing). The investigations upon which this publication is anchored examined the beneficial ownership process and focused on marginal fields (MFs)

² *The Guardian* (November 9, 2021); *A wealth of sorrow: why Nigeria's abundant oil reserves are really a curse* - <https://www.theguardian.com/global-development/2021/nov/09/a-wealth-of-sorrow-why-nigerias-abundant-oil-reserves-are-really-a-curse>

³ *Business Day*, December 18, 2024, *Renaissance secures ministerial consent for Shell's \$1.3bn divestment deal* - <https://businessday.ng/energy/article/renaissance-secures-ministerial-consent-for-shells-1-3bn-divestment-deal/>

⁴ *The Petroleum Industry Bill (PIB) Terms of Reference of the Oil and Gas Reform Implementation Committee* (2007).

METHODOLOGY OF INVESTIGATION AND SCOPE OF PUBLICATION

Methodology: Investigations utilized mixed-methods approach involving the following activities:

- **Document Review:** Analysis of official bidding documents, contracts, and regulatory frameworks.
- **Interviews:** Select interviews with stakeholders, including government officials, industry experts, and civil society organizations.
- **Data Analysis:** Evaluation of ownership structures of bidding companies using available corporate registries and financial reports.

Scope of publication

This publication, in *section 1*, focused on the bidding process for the 2020/2021 marginal fields, profiles of successful bidders, analysis of the legal and regulatory framework surrounding beneficial ownership in Nigeria as well as case studies of potential corruption incidents related to the awards. In *section 2*, issues pertaining to divestment, decommissioning and abandonment in relation to the potential risks were addressed. The issues were addressed in correlation to the prevailing state of the environments of host communities of the oil-rich Niger Delta region and the impacts on the livelihoods.

OBJECTIVES OF INVESTIGATIONS AND EXPECTATIONS

Objectives: Investigations leading to this publication are informed by the following objectives:

- *Identify beneficial Owners and examine the status of companies that successfully bid for marginal fields.*
- *Assess transparency compliance of the bid process with regards to beneficial ownership disclosure.*
- *Investigate the potential corruption practices in the award process and the liability of successful bidders.*
- *Recommend appropriate mitigation strategies to enhance transparency and accountability in future bidding rounds.*
- *Examine and analyse the potential threats of abandonment constituted by divestment and decommissioning of assets by IOC.*
- *Explore the prevailing impacts of devastation caused by activities of oil companies and the potential threats of abandonment in the host communities of the Niger Delta as a consequence of divestment and decommissioning.*
- *Document the concerns and expectations of local stakeholders impacted by environmental devastation with regards to prevailing concerns and their expectations*
- *Document the progress and challenges of remediation activities where interventions are ongoing.*
- *Make appropriate recommendations for mitigation and way forward.*

Expectations

It is expected that the findings from the investigations will contribute to understanding the intersection of beneficial ownership and corruption in Nigeria's oil sector with 2020/2021 marginal fields' bid round as case study. The objective is to highlight the need for reform and enhanced governance mechanisms to ensure that the country's natural resources benefit the citizens. It is also expected that findings with respect to the prevailing situations in the host communities which may be worsened by abandonment on account of Shell's divestment and decommissioning will provoke actionable decisions as well as concrete interventions based on recommendations proffered.



Nigeria launches marginal round with 57 fields offered

SECTION 1



I. 2020/2021 Marginal Fields Bid

A marginal field lies within a particular Oil Mining License. The purpose of Marginal Fields is to promote local participation and operation in the oil and gas industry. Marginal fields are underdeveloped oil and gas reserves that present significant opportunities for investment and economic development. Although the Nigerian government introduced the Marginal Fields Program in 2001, the first marginal field was awarded in 2000 to the Niger Delta Petroleum Resources. However, the process surrounding the awards of marginal fields to beneficial owners following the 2020/2021 bidding round for marginal fields elicited concerns regarding transparency and accountability of the process. The dimension of procedural abuse and corrupt practices in the process of award of 2020/2021 which are in violation of the regulatory guidelines including the Petroleum Industry Act (PIA) reenacted decades of aberrations that impugn on the integrity of Nigeria's oil and gas sector in addition to substantial losses in revenues that ought to accrue to the country.

The management of oil resources in Nigeria has, from the outset, been fraught with challenges related to governance, regulatory oversight, and the influence of vested interests. The 2020/2021 marginal field bid round aimed to revitalize under-exploited resources and attract new investors and stakeholders into the industry.

Notwithstanding, 2020/2021 exercise was undermined by opacity of processes leading to the acquisition of licenses by beneficial owners (i.e. individuals or entities that ultimately own or control oil license) which largely underpins the environment of corruption that makes corporate abuses and mismanagement conducive.

Prior to the passage of the Petroleum Industry Act (PIA) in 2021, the legal framework governing oil exploration and production was primarily shaped by the Petroleum Act of 1969 and the Oil Pipeline Act of 1956 as variously amended (notably through the Petroleum Act of 1969 and the Oil and Gas Pipeline Regulations of 1995). Although these laws provided the foundation for the structure of the oil industry, they however lacked contemporary provisions on transparency and accountability which are comprehensively addressed in the PIA. The PIA contains detailed requirements and regulations relating to due process and transparency in the bidding process as well as the development of marginal fields by beneficial owners. The Act as amended by the National Assembly provides comprehensive legal frameworks for the acquisition of mining licenses in the oil and gas sector in relation to the roles of Department Petroleum Resources (DPR) (now known as “Nigerian Upstream Petroleum Regulatory Commission” (NUPRC) by virtue of the enactment of the Petroleum Industry Act 2021. Paragraph 17 (4) of the First Schedule to the Petroleum Act defines MFs as:

5 DPR Marginal Field Bid Guidelines (2020): Contains the official bidding guidelines for the 2020 round

“such fields the President may identify from time to time as marginal fields”. For a field to be a MF, it must have been left unattended and unproduced for not less than ten years from the date of its first discovery by the licensee (holder of an OML) and has been reported annually to the Department of Petroleum Resources (“DPR”)

Marginal Fields Program was conceived as an initiative to drive participation of indigenous players in the oil and gas sector towards increased productivity. The program seeks “to maximize government's take on undeveloped acreages, to reduce the rates of abandonment of depleting fields that have become unproductive, create new and diverse investments, and boost reserves.” According to NUPRC, “some of the companies, which emerged winners at the time, included: Matrix Energy, AA Rano, Andova Plc, Duport Midstream, Genesis Technical, Twin Summit, Bono Energy, Deep Offshore Integrated, Oodua Oil, MRS and Petrogas. Others were: North Oils and Gas, Pierport, Metropole, Pioneer Global, Shepherd Hill, Akata, NIPCO, Aida, YY Connect, Accord Oil, Pathway Oil, Tempo Oil, and Virgin Forest, among others”.

The designated parties in the acquisition of MF license are the Farmor (the license holder) and the Farmee (the third party). The likes of NNPC, Shell, Total and Agip are the Farmors while the Farmees are the indigenous oil company in Nigeria. These Farmees are required to pay royalties to the Farmors. Prospective bidders are expected to opt for financing options such as equity financing, debt financing, reserve-based lending, contractor financing, etc. Commercial agreements on MF's acquisition include Deed of Assignment (“DOA”), Joint Operating Agreement (“JOA”), etc.

On June 1, 2020, the DPR declared open the bid for 57 fields located on land, swamp and shallow offshore terrains. Participation in the bidding process was limited to Nigerian companies with 100% indigenous shareholding. Out of the 600 companies that applied for pre-qualification, 161 were shortlisted. Most of these pre-qualified bidders were randomly paired by DPR, resulting in forced alliances.

Following the award, the re-qualified bidders were left with the option of forming special purpose vehicle (SPV) to operate the field. The SPV could mobilise financing on terms considered appropriate and suitable for financial obligations of the awardees with the assumption that the awardees in the SPV will hold shares proportionate to the interest awarded.

The marginal fields award entails a compulsory signature bonus ranging from \$5 million to \$20 million per field to be paid within 45 days of notification with an option of remittances in local currency. Any dispute that may arise from the transactions was to be referred to the National Oil and Gas Alternative Dispute Resolution Centre in the first instance.

- **Transparency of Bidding Process:**

There are instances of allegations regarding manipulation of bidding process in favour of companies with limited or no experience or financial capacity, but which offered kickbacks to government officials. Public trust in the bidding process was undermined to the detriment of ideals of transparency which the PIA prioritises. Under the relevant sections of the PIA and guidelines of NUPRC, the minister can withdraw consent and void the farm-out agreement (FOA), if within 60 months of consent, a farmee fails to show verifiable evidence of efforts made to the development on the MF(s) according to the approved plan. However, suppose at the end of 60 months of consent to FOA, a farmee shows evidence of efforts made to the MFs development, the FOA shall be renewed by the NUPRC per the law.

The explanatory note to the guidelines issued by NUPRC in 2020 for the award and operations of marginal fields in Nigeria provides clarifications, explanations, and directives for implementations of the guidelines. The 2021 Petroleum Industry Act (PIA) enhances a more robust legal framework for the industry with transparency in the disclosure of beneficial ownership in the bidding process as key priority. Under the PIA, the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) that replaced the DPR is tasked with enforcing these provisions, which were not as explicitly addressed in the previous regulations under the Petroleum Act.

• Political influence and maneuverings

Owing to the massive turnover values of marginal fields, acquisition of licenses becomes dominant attraction of entrenched interests seeking to manipulate the process. The attendant corrupt practices undermines the objectives of the bid as well as the integrity in the Nigeria's oil and gas sector. Ultimately, optimization of public resources was compromised through underhand practices leading to trust deficit among investors.

Nigeria is effectively a rentier state by virtue of the nature of commercial oil exploration dominated by foreign entities and oil-dependant economy whereby political elite influence decisions in favour of their foreign and local cronies. Therefore, political connections rather than merit play crucial role in the bid process leading to the award of oil licenses to private companies. Government officials manipulate the bidding process in favour of preferred companies that often offer bribes in return. The MF 2020 bid process was largely tainted by allegations of corrupt practices by politically connected firms that secured unfair advantage in the bidding processes. Some of these firms are either owned or backed by individuals connected to political authorities. The practice of awarding oil licenses based on political connection, rather than merit or financial capability, undermines competition and raises concerns over equitable distribution of oil wealth. Nigeria's legal and institutional frameworks for managing oil exploration and production are rooted in defective legislation and weak regulatory oversights. Inconsistency of regulatory regimes persist in spite of new legislation and reforms such as the updated petroleum law aimed at improving transparency and attract investments. The inconsistency of regulatory regimes makes it difficult for local companies to operate in a predictable environment.

II. Beneficial Owners of Marginal Fields

Beneficial ownership in the oil and gas sector is a pivotal issue especially in resource-rich but corruption-prone countries like Nigeria. The Nigeria Extractive Industry Transparency Initiative (NEITI), which advocates for transparency in the extractive industries, emphasizes the importance of open disclosure of real owners' of corporate entities participating in oil license bidding.

According to the NEITI Standard (2019), beneficial owner(s) of a company is the natural person(s) who, directly or indirectly, ultimately owns or controls the corporate entity. The Companies and Allied Matters Act 2020 also defines anyone with a 5% holding in a company as a person with significant control of the company.

Beneficial Owner Information (BIO) documented by the Corporate Affairs Commission (CAC) recognises "Beneficial Owner" or "Person with Significant Control (PSC)" as the ultimate individual who exercises significant influence or control over a Company or Limited Liability Partnership (LLP), whether directly or indirectly. The Commission keeps a clear record of all shareholders of the companies registered in Nigeria and also requires that companies maintain a register of members at their registered offices. Prior to the enactment of the Companies and Allied Matters Act 2020, there was no law requiring companies to disclose their real owners.

Section 119 of the Companies and Allied Matters Act 2020 provides as follows: "every person with significant control over a company shall, within seven days of becoming such a person, indicate to the company in writing the particulars of such control." This section mandates any person who holds at least 5% of the company's shares to notify the company of details of the shareholding while the company in turn notifies the Corporate Affairs Registry of the interest. Section 119 of CAMA 2020 mandates all companies to disclose their beneficial ownership at the point of registration while all existing companies must make full disclosure.

- **Beneficial Owner Information (BOI)**

The table below indicates the status of information available, at the time of investigation, with respect to beneficial owners connected with MFs award.

Company Name	Beneficial Ownership Declared	Status	Registration Date	Owners
1. A.A Rano Nigeria Ltd	No	Not Found	N/A	N/A
2. Aida Energy Ltd	Yes	Active	June 19 2018	Said Aliu Aisha, Aliu Abdulrahman Abiola
3. ARDOVA PLC	No	Active	December 10, 1964	N/A
4. Deep Offshore Integrated Service Ltd	Yes	Inactive	February 25, 2014	Blake Khadija, Blake Paul Anthony
4. Duchess Energy	No	Inactive	September 25, 2014	N/A
5. Emadeb Energy Services Ltd	Yes	Active	May 28, 2007	Olugboboye Olujimi, Adegbowale Olujimi
4. DuPaul Mainstream Company Ltd	Not Found	Not Found	N/A	N/A
8. Duport Midstream Company Ltd	Not Disclosed	Inactive	January 28, 2013	N/A
9. Island Energy Ltd	No	Not on CAC	N/A	Faiz Imam
10. Casiva Ltd	Yes	Active	October 10, 2019	Danu Nasiru
11. Matrix Energy Ltd	Yes	Inactive	N/A	Aliu Abdulkabir Adisa, Aliu Aisha-Said
12. Shafa Exploration and Production Company Ltd	Yes	Active	June 16, 2020	AA Shafa
13. Sigmund Oil Field Ltd	No	Active	2005	N/A
14. Suntrust Atlantic Energies Ltd	Yes	Active	April 3, 2001	Nakudu Dantata, Sabo Zainab
15. Vhelbberg Exploration and Production Development	No	Active	August 2017	N/A
16. PetroGas Energy	Yes	Active	Established 2016; Registered 2021	Salim Buhari, Baraka Sani Daurahony
17. Genesis Hydrocarbons	No	Inactive	Established 2003	Ayotunde Banjo, HRM Oba Ewuare II, Wells Property Development Company (Captain Idahosa Okunbo)

Company Name	Beneficial Ownership Declared	Status	Registration Date	Owners
18. Samora Oil & Gas Ltd	No	Inactive	October 4, 2011	N/A
19. Terra Energy Services Ltd	No	Active	July 4, 2001	Otunba Alex Onabanjo, Mike Scott
20. Energia Ltd	Yes	Active	N/A	Osahon George, Adegboye ga Samuel, Coker Samuel, Igweka Uche/A
21. Bono Energy	No	Active	October 27, 2004	Osuntogun Adeyemi Oladapo, Adebanjo Omisore Olumuyiwa (Kyari ally)
22. Virgin Forest Energy Ltd	Yes	Active	March 12, 2010	Chukwu Johnson, Johnson Chukwu Nneoma, Chukwu Nnenna, Johnson Chukwu Victoria, Johnson Chukwu Chibuike
23. Tempo Energy Nigeria Ltd	Yes	Active	November 19, 2009	Aladeyami Mr Adewumi, Akufu Mr Minobebh, Collins Sigbakumo Kalabare
24. North Oil Company	No	Active	August 15, 2024	N/A
25. Shepherdhill Petroleum Company Ltd	Not on CAC	Not found	N/A	N/A
26. Hilltop Global Oil & Gas Solutions Int'l Ltd	No	Active	December 27, 2017	Monday Ability Peters, Peters Gift Monday
27. Twin Summit Resources Ltd	No	Active	July 16, 2013	N/A
28. Oodua Oil and Gas Marketers Forum	No	Inactive	March 28, 2018	N/A
29. MRS Oil Nigeria PLC	No	Active	August 10, 1969	N/A

6 Guidelines and requirements for the application of oil and gas industry service, Lagos.

7 Iyanujesu (I) Oguntunji (2021) Marginal Fields in Nigeria's Oil and Gas Industry

8 J-K Gadzama LLP - Marginal Oil Fields Regime in Nigeria - https://j-kgadzamallp.com/images/Newsletters/Marginal_Fields_Regime_in_Nigeria.pdf

9 NUPRC (February, 28, 2022)- Tracking Marginal Fields' Bid Round Conclusion - <https://www.nuprc.gov.ng/tracking-marginal-fields-bid-round-conclusion-28th-february-2022/>

Company Name	Beneficial Ownership Declared	Status	Registration Date	Owners
30. Pierpont Exploration and Production Ltd	No	Inactive	December 4, 2010	N/A
31. Metropole Petroleum & Gas Ltd	No	Active	October 3, 2010	Adeniji Kolade Nkemdirim
32. Pioneer Global Resource & Integrated Energy Ltd	No	Inactive	September 19, 2010	N/A
33. Akata Energy Company Ltd	No	Inactive	May 13, 2001	N/A
34. Accord Oil	No	Inactive	August 9, 1993	N/A
35. Pathway Petroleum Nigeria Ltd	No	Inactive	December 19, 2008	N/A

Source : Corporate Affairs Commission

- **Influence of beneficial owners**

A publication by Africa Report linked Mele Kyari, the NNPC chief executive with key figures whose companies won the 2020/2021 marginal fields bids. The beneficiaries linked Kyari include Adebajo Olumuyiwa Omisore, the beneficial owner of Bono Energy Limited; Auwalu Abdullahi Rano, founder of AA Rano; Amina Maina, COO of MRS Holdings; and Abdulkabir Adisa Aliu, owner of Matrix Energy. These companies are known to have secured lucrative contracts from the NNPC since Kyari began overseeing crude oil sales in 2016. Notwithstanding, available information regarding the extent to which their link to Kyari influenced the deals remain sketchy. Aliu is reported to have lobbied for Kyari's appointment as NNPC boss in 2019 and thereafter became a major beneficiary of the Direct Sale, Direct Purchase (DSDP) programme.

10 DPR Marginal Field Bid Guidelines (2020): Contains the official bidding guidelines for the 2020 round.

11 Marketforces A. 57 Marginal Fields OpenJobs, Investment in Nigeria's Oil Industry DPR. Retrieved from MarketForces Africa; 2021. Available: <https://www.dmarketforces.com>

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III. Observations on BOI and 2000/2021 MFs bid

- **Non-disclosure of beneficial ownership**

Out of the 35 companies surveyed, 18 did not comply with the requirement of disclosure of beneficial owners. Non-disclosure of beneficial owners constitutes potential risks for transparency, accountability, and regulatory compliance. Lack of information relating to the identities of beneficial owners prevents the public, regulators and other stakeholders from knowing who controls and ultimately benefits from these companies. Non-disclosure of beneficial owners accentuates the opacity that has characterised lack of due process; leading to pervasive corruption in the critical sector of the economy that ought to positively impact the economy and public welfare.

Non-disclosure of beneficial ownership is often linked to illegal practices such as money laundering, tax evasion, and other forms of financial crime. Without transparent information on beneficial owners, it becomes difficult for to track the flow of funds, investments, or to verify accountability for corporate actions.

- **Non-compliance with filing of annual returns**

(i) The CAC is the legally approved institution that keeps company registration record in Nigeria. 11 of the 35 companies surveyed are listed as inactive when searched on the CAC record while 4 are not listed on the record. The CAC is expected to regularly update its record with regards to the filing of annual returns. Except in case of likelihood of omission on the part of CAC, companies listed as inactive or not listed have not been filing annual returns, which is considered a serious infraction under the Nigerian laws. It is however imperative that companies ensure that up-to-date records are listed by the CAC.

(ii) Awarding contracts to inactive companies contravenes section 16 (8) (d) of the Public Procurement Act 2007. The Act provides that: “a bidder may have its bid or tender excluded if the bidder is in arrears regarding payment of due taxes, charges, pensions or social insurance contributions unless such bidders have obtained a lawful permit in respect to allowance, the difference of such outstanding payments or payment thereof in installments.”

(iii) A prerequisite for the bidding process is that companies must have fulfilled their tax obligations. In the case of companies like *Aida Energy Ltd*, *Deep Offshore Integrated Service Ltd*, *Casiva Ltd*, *Shafa Exploration and Production Company Ltd*, it was discovered that the duration of registration with the CAC was less than 3 years prior to June 2, 2020. However, the tax clearance certificate which is only obtainable three years after the assessment of a company according to section 85(1) of the Personal Income Tax (PIT) Act.

- **Non-compliance with indigenous identity for beneficial ownership**

One of the interests in the 2020/2021 marginal oil field bid round was to promote Indigenous participation. A background check on some of the beneficial owners shows they are non-Nigerians. For instance, Deep Offshore Integrated Service Ltd is owned by Blake Khadija and Blake Paul Anthony, who are suspected to be non-Nigerians. Terra Energy Services Ltd is partially owned by Mike Scott, who's not a Nigerian. Many other companies have a history of undisclosed or unclear ownership, which makes it challenging to determine the nationality of all beneficial owners.

²¹ *The Cable* (March, 25, 2022); NUPRC: Nigeria lost \$3.3bn crude oil to theft in 14 months - <https://www.thecable.ng/muprc-nigeria-lost-3-3bn-crude-oil-to-theft-in-14-months/>

IV. Shadows of institutional corruption

- **Compromise in award of service contracts**

Multiple service contracts for the development of marginal oil fields failed to deliver on targets owing to lack of transparency and corrupt practices. The licensing process for these fields was meant to be transparent and restricted to local companies. The initiative was however affected by lack of consistency in government policies, lack of requisite technical know-how and violation of agreement owing to poor oversight and compromises.

- **Kickbacks and bribery allegations**

Reports indicated that contracts for marginal oil field exploration and development were often manipulated to favor companies that provide bribes. For example, foreign companies were allegedly given preferential treatment during the bidding process. Some of the companies were alleged to have won contracts without meeting the full technical or financial criteria. Several government officials are believed to have created "phantom companies" to win some of the licenses.

- **Collusion among local and and foreign actors**

Award of several non-competitive contracts undermines integrity of the licensing process. The practice of "tied contracts" also became common, where companies were required to form partnerships with certain local contractors fronting for politicians in order to be awarded the field licenses. This practice often lead to inflated costs of exploration and development, reducing the overall efficiency and profitability of the marginal fields.

- **License award to technically and financially incompetent companies**

Several of the companies that won this marginal oil field licenses are yet to commence operations owing to inability to mobilise requisite technical team or lack of needed operational capital. Some of these companies are believed to be special purpose vehicles deployed by politically exposed persons to acquire licenses for pecuniary gains.

More than 3 years after some of these companies rolled out plans of actions and expected timelines for operations, the oil fields remain inactive or may have even been abandoned.

V. Corruption implications for corporate integrity and revenue optimisation

- **Reputational damage**

Prevalence of corruption tarnishes Nigeria's reputation in the oil and gas sector and creates a climate of uncertainty that discourages foreign investors who remain unpersuaded about the security of their investments in the future.

- **Governance and Transparency**

Corruption underscores severe lack of transparency in the marginal oil field licensing process. It also underpins the imperatives for better governance structures for state-owned oil companies towards ensuring that contracts are awarded on merit and natural resources are licensed to companies with the technical expertise and capacity to develop them.

- **Impact on marginal field development**

Lack of due process and corruption in the bidding process for marginal fields licenses impairs oil production target; manifesting in loss of revenues. Several marginal oil fields that could have been exploited were left underdeveloped owing to bureaucratic inefficiency and lack of proper oversight associated with corruption.

SECTION 2



VI. Divestment, Decommissioning and Abandonment: Impacts on Communities

In January 2024, Oil giant, Shell announced its decision to sell its onshore Nigerian subsidiary, Shell Petroleum Development Company (SPDC) to Renaissance Africa Energy Company Limited - a consortium of Nigerian and international energy companies—for \$1.3 billion in a divestment deal. This decision sparked significant concern among local communities and civil society organizations, who feared that Shell might exit without adequately addressing the environmental damage caused by its operations, including oil spills that have devastated farmlands and livelihoods. Despite these concerns, the Nigerian government approved the sale in December 2024. This approval marked the end of Shell's nearly century-long onshore operations in Nigeria and reflected a broader trend of international oil companies, such as ExxonMobil and Equinor, divesting from Nigerian onshore and shallow-water assets due to challenges like oil theft and environmental liabilities, according to Reuters.

However, the divestment raised issues regarding the abandonment of facilities, which could negatively impact local communities. To address such concerns, Nigeria's Petroleum Industry Act (PIA) 2021 requires oil and gas operators to responsibly decommission and abandon facilities, restoring sites to their original or approved conditions. Operators must establish a Decommissioning and Abandonment Fund, funded annually based on approved estimates, to cover future costs.

Additionally, the PIA introduced the Host Communities Development Trust (HCDT) Fund to ensure that oil-producing communities benefit directly from petroleum operations. Under this framework, oil and gas companies are mandated to contribute 3% of their actual annual operating expenditure from the preceding financial year to the HCDT. These funds are dedicated to the socio-economic development of host communities, financing projects in infrastructure, education, healthcare, and economic empowerment. The Trust is managed by a Board of Trustees, including community representatives, ensuring local involvement in decision-making. This initiative aims to foster sustainable development and harmonious relationships between oil companies and their host communities. Despite these provisions, many community residents reported that they had yet to receive any support related to the 3% Host Communities funds.

- **Decades of devastation from exploration activities**

Assessment of the impact of environmental degradation in Nigeria reveal that people of the Niger Delta region continue to suffer from the unending impact of extractive activities of oil multinationals. Further findings reveal that a lack of support from the government and the companies whose oil activities have destroyed farmlands and livelihoods has pushed community residents into pipeline vandalism and illegal crude oil refining.

Although Nigeria as a federation has benefited from the operations of International Oil Companies (IOCs), the country has also faced significant losses due to their activities. According to the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) in 2022, Nigeria lost about \$3.27 billion worth of crude oil to theft between January 2021 and February 2022. These losses primarily occurred in the Bonny Terminal Network, Forcados Terminal Network, and Brass Terminal Network. According to NUPRC Chief Executive, Gbenga Komolafe, “the total value lost during this period is about \$3.27 billion, with an average monthly loss of \$233.99 million and a daily loss of \$7.72 million” The government attributed the losses to various factors, including economic challenges, insecurity, poor community engagement, and criminal activities in upstream operations, which it described as a major threat to economy's stability. While companies often blame communities for vandalizing oil pipelines, local residents argue that many pipelines are over 30 years old, making them prone to leaks due to corrosion. They also highlight lack of maintenance by both indigenous and multinational companies, exacerbating the problem of oil spills and theft.


- **Concerns over divestment by International Oil Companies (IOCs)**

Decommissioning, as defined by international environmental standards, involves the removal of oil infrastructure such as pipes, wellheads, and other equipment. Speaking on decommissioning and abandonment of oil facilities by IOCs, a community stakeholder, Morris highlighted the lack of decommissioning efforts in long-abandoned oil fields, particularly in Oloibiri, where Shell first discovered oil in commercial quantities in 1956. According to him, the site has remained neglected since the 1970s, with some wells continuing to spill crude oil. Morris pointed out that while Shell had removed some of its equipment, no formal decommissioning had taken place, leaving communities vulnerable to further environmental harm.

He further criticized regulatory bodies such as NOSDRA and the ministries of environment for their failures in enforcing environmental standards. He decried a situation whereby regulators failed to intervene in prolonged spills such as the Agip spill. He also cited the issue of regulatory capture, where agencies are too dependent on oil companies for resources and logistics, leading to biased enforcement.

According to Morris, “the oil companies will have to provide vehicles, boats, and helicopters, and even sometimes provide accommodation,” suggesting that dependence compromises the independence and effectiveness of regulatory bodies. To address these challenges, he explained that peaceful protests were held in Port Harcourt and Yenagoa, demanding that oil companies be held accountable for their environmental destruction. “We are agitated,” he said, urging the government to ensure proper environmental audits, cleanup, and compensation before Shell and other companies divest from their onshore operations. He also called for the extension of the Ogoniland cleanup to other polluted areas in the Niger Delta, especially in Bayelsa State, which NOSDRA identified as one of the most polluted regions in the country.

Morris, who has been a vocal advocate for the environment in the Niger Delta, further expressed concern over the ongoing environmental damage caused by oil spills, as well as the systemic failures of regulatory bodies. He recounted a video where a NOSDRA (National Oil Spill Detection and Response Agency) official stood up to Shell in a community in Rivers State. Morris acknowledged the widespread issue of regulatory capture. He noted that the regulatory bodies are not doing their jobs as they should, stressing that the impact of oil spills on local communities is devastating. He described a scene where a whole lake and swamp in the Niger Delta were covered in crude oil, resulting in long-term loss of livelihoods for local fishers. According to him, “with the lakes and swamp polluted, our people are denied livelihoods like fishing and other means of livelihoods. The oil, he explained, “degraded the environment, denying the soil of fecundity.”



This destruction of environment negatively impacts wildlife, including terrestrial animals like grass-cutters and antelopes, which die after encountering the oil, he added. He noted that the consequences of the environmental devastation extend to human health, pointing out that life expectancy in the Niger Delta is lower than the national average, with the region's life expectancy hovering around 41-42 years compared to 42-43 years elsewhere in Nigeria. "We are about 10% different when you talk about life expectancy," he said, adding that young people and the elderly alike are increasingly suffering from cancers and other rare diseases. Morris also emphasized the loss of biodiversity, including the depletion of oyster populations that local communities depend on for both nutrition and income. "All the mangrove routes where we normally have special oysters that cling to them... all of them have been wiped out because of crude oil spills," he said.

This loss of resources, according to him, has further impoverished communities that rely on these ecosystems for survival. He also raised concerns about the broader cultural and social ramifications, saying, "We have lost our cultural heritage in terms of respect," pointing to the events surrounding Ken Saro-Wiwa, a prominent environmental activist who was executed by the Nigerian government in 1995. "It was this nonchalance of the federal government and oil companies who denied us all social and environmental justice that Ken Saro-Wiwa was talking about," he said. The failure to address these issues, Morris argued, led to the rise of violent youth movements, including the origins of kidnapping in the region, which has now spread nationwide.


Also speaking on decommissioning and abandonment of oil facilities, Obodoekwe pointed out that there has been little progress.

In areas like Oloibiri, where oil extraction began in Nigeria, the facilities have been left abandoned for years without proper decommissioning. According to a community stakeholder, Obodoekwe, "without decommissioning, old and corroded pipelines continue to leak oil, causing ongoing environmental damage.

Despite the United Nations Environment Programme (UNEP) recommendations for decommissioning alongside cleanup, the IOCs have not followed through." On the effectiveness of regulatory agencies, Obodoekwe criticized their lack of enforcement of environmental standards.

Despite the United Nations Environment Programme (UNEP) recommendations for decommissioning alongside cleanup, the IOCs have not followed through." On the effectiveness of regulatory agencies, Obodoekwe criticized their lack of enforcement of environmental standards. He argued that if these agencies were doing their jobs, there would be no widespread environmental degradation. "However, the agencies are often dependent on the oil companies they are supposed to regulate, which compromises their effectiveness. "For instance, regulatory agencies rely on oil companies for logistics, such as flights to inspect spill sites, leading to a lack of independence in their investigations.

According to Obodoekwe, investigations are often manipulated to downplay the scale of pollution caused by IOCs, "leading to a culture of collusion between the government and the oil companies, allowing them to continue polluting the environment without facing significant consequences". He highlighted the ongoing issues of gas flaring and oil spills as major contributors to environmental degradation in the Niger Delta. According to him, "Gas flaring, which has been happening for decades, releases harmful emissions into the atmosphere, contributing to climate change and ozone layer depletion. "Even though there have been court rulings against gas flaring, the practice continues unabated. "Additionally, oil spills, often a result of pipeline leaks or sabotage, further damage the environment. "Oil exploration, from drilling to transportation, is inherently destructive to the environment, leaving behind polluted land, water, and air." While Obodoekwe acknowledged that there have been some efforts at remediation, particularly in Ogoniland through the Hydrocarbon Pollution Remediation Project (HYPREP), he noted that these efforts are limited.



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According to him, "the Ogoniland project, funded by the oil companies, has made some progress in providing potable water and training locals in alternative livelihoods," he said but however pointed out, "These efforts are largely confined to Ogoniland, with little to no progress in other parts of the Niger Delta."

- **Management of Environmental Remediation Fund**

Asked about the utilization of environmental Remediation Funds, Obodoekwe expressed frustration with the lack of transparency and accountability in the management of environmental remediation funds by both IOCs and the Nigerian government. He criticized the Nigerian government for its role in siphoning funds meant for environmental cleanup and for failing to implement UNEP's emergency recommendations, such as providing clean water to affected communities. He argued that corruption within the government and oil companies is a major barrier to real change. According to Obodoekwe "There is a need for a systemic change in how Nigeria manages oil revenues, especially with regard to transparency and accountability in the oil industry." He therefore called for a shift away from oil dependency, urging Nigeria to take the issue of energy transition seriously and invest in alternative, clean energy sources. He also stressed that any future oil exploration must be accompanied by thorough decommissioning of old facilities, better regulation, and genuine environmental remediation efforts. To tackle the financial losses and corruption within the industry, he called for a thorough reform of the system, starting with improved metering of oil production to ensure transparency in oil revenue generation. He demanded that the Nigerian government must address corruption at all levels, as corruption "undermines the country's ability to manage oil resources effectively and protect the rights of its citizens."

However, Morris expressed skepticism about the management and effective utilization of Environmental Remediation Funds in Niger Delta by IOCs and the Nigerian government.

According to him, "I don't know if there's any other provision made for that," he admitted, referring to the UNEP's ongoing efforts in Ogoniland. Morris highlighted the importance of the Bayelsa Oil and Environment Commission's report, which recommended specific amounts for clean-up and remediation in Bayelsa State, though he was uncertain whether any funds had been allocated beyond those for Ogoniland. Oil theft, according to Morris, remains a major financial loss for Nigeria. He explained that oil theft at the export terminal is far more significant than what happens in the creeks, where local thieves are involved. In his words, "the stealing at the export terminal is like using a drum to steal it." He referred to the statement made by a top naval officer in Yenagoa, regarding the massive scale of corruption in the oil sector. He criticized the complicity of oil companies, security agencies, and the NNPC in the theft, noting that "corrupt practice by the military, the regulators, and those who are supposed to be gatekeepers in the interest of Nigeria is greatly affecting the economy." Morris urged oil companies to take responsibility for their actions, noting, "They should do soul-searching and ensure that the bad eggs within them are sacked." He added that some sabotage is even sponsored by oil company staff, and also called on the government, regulators, and security agencies to "live up to their responsibilities" and restore public trust. He emphasized the need for environmental and social justice for people of the Niger Delta.

VII. Remediation: progress and lingering challenges

The Ogoni region in Rivers State, Nigeria, continues to grapple with the devastating effects of oil pollution despite ongoing cleanup and remediation efforts led by the Hydrocarbon Pollution Remediation Project (HYPREP) and Shell. Communities like Bomu and Bodo are witnessing varying degrees of progress, but the long-term restoration of their environment remains a challenging and lengthy process.

• Unresolved issues and growing demands

Despite some progress, large swathes of Ogoni land remain untouched by cleanup efforts. Kabari Barilelu Patricia, a farmer and community leader, lamented the ongoing pollution and its impact on agriculture. "Crops don't yield well because of pollution," she said, describing how farming has become nearly impossible on polluted land. Climate change has compounded these challenges, causing frequent flooding that destroys farmland. Patricia also criticized HYPREP for failing to fulfill promises of providing clean drinking water, a basic necessity that remains inaccessible in many areas, including the regional capital, Bori.

Melody Gold Barry-Yobo from Kono community painted a grim picture of the environmental and health crises caused by oil exploration. "Shell has turned Ogoni people into environmental refugees," she said, citing the prevalence of diseases like cancer and respiratory illnesses. She accused Shell of neglecting the community, leaving residents without compensation or support.

• Calls for Climate Justice

Community leaders and activists are demanding greater accountability and action from Shell, HYPREP, and the government. Friday Ibani, coordinator of the Leke Foundation Development, called for climate justice and a transition to renewable energy. He stressed the urgency of leaving oil in the soil to protect the environment and improve public health.

• Long walk ahead

The cleanup of Ogoni land is expected to take 25 to 30 years, according to a United Nations report. While efforts by HYPREP and Shell represent crucial steps forward, they are far from sufficient to address the extensive damage caused by decades of oil spills. As the Ogoni people await full restoration, they continue to bear the brunt of pollution, climate change, and socio-economic challenges. For communities like Bomu, Bodo, and Kono, the promise of a cleaner, healthier future hinges on sustained efforts, transparency, and justice for the affected population.

• **Progress in Bomu Community**

In Bomu, Gokana Local Government Area, HYPREP has completed the initial cleanup phase, earning praise for its efforts. Environmentalist Nnimmo Bassey, who visited the Bomu waterfront to assess the progress, remarked, “The environment is gradually returning to its normal self.” However, he emphasized the challenges ahead, noting that full restoration of aquatic life could take up to 30 years. Bassey and his team planted mangroves in the community, a vital step in ecosystem recovery. According to him, “if HYPREP claims they've cleaned the swamps, land, and water but nothing grows, that would be a lie.” He expressed commitment to monitoring the growth of the mangroves to assess the success of the project. A local diver Legedu Deekor also acknowledged the improvements. He reported a return of seafood like periwinkles, though he noted that the community's traditional livelihoods of fishing and farming had been significantly disrupted by pollution.

• **Cleanup exercise in Bodo community**

In contrast, Bodo City, another community in Gokana, is still undergoing cleanup efforts led by Shell. Bowin Peter, a community leader, explained that Shell's court-mandated remediation is nearing completion, but the restoration phase has yet to begin. Peter outlined the two-stage cleanup process, emphasizing that the remediation stage must be thoroughly executed before restoration can start. The delay highlights the long road ahead for the region's recovery.

VIII. Narration of Devastation and Despairs from Host Communities

• **Pipeline vandalisation and oil spill: Tales of insecurity, diseases and poverty**

• *Ayamasa – Bayelsa State*


Residents of Ayamasa Community in Ekeremor Local Government Area of Bayelsa State have lamented regularly suffering from different ailments including Diarrhea, Scabies, amongst others, which hit them every time there is oil spill from the Tsuomo-Ogboinbiri Gas Delivery Pipeline in the community.

The community leaders also lamented that the regular oil and gas spill from the pipeline which is most time vandalized by jobless and angry youths of the community, has also plunged them into acute hunger as the spill has destroyed their farmlands, water and fishing ponds.

The Chairman of the community, Mr. Apeikumo Aleibiri, said that oil spill from the pipeline which was operated by the Nigerian Agip Oil Company (NAOC) until it was taken over by Oando Plc in September 2024, has also become a major cause of climate change in the area, leading to more and higher frequent floods and excessive hot weather in the area. A community leader, Aleibiri said that the Ayamasa community has crude oil and gas but they are suffering probably more than any community in the country, stressing that the Nigerian government is not providing any social amenities for them and that they have not had light for over six years.

Asked about the major cause of the oil spill, he said, “Our people, the youths, vandalize it (pipeline) because they are making money from it. This gas they are vandalizing brings sickness.” Speaking further, he said, “Some areas of our water now have no fish in it because when the oil spills everywhere, fish cannot stay there again. We don't have fish anymore. Apart from the big river, the swamp areas don't have fish anymore.

“Secondly, when the breeze blows from the gas station, it comes towards us, and all the odour comes to our community. The odour gives us diarrhea. There is this particular sickness that causes itching (Scabies).” Explaining the nature of the sickness, the community leader said, “People scratch their bodies as a result of the air pollution. It is more or less like chicken pox. When it is serious, once you enter our community, you see everyone scratching their bodies. “We suffered this sickness for over a year plus. Even till now, some people still have it in our community.



“The healing just started three months ago, which is from July but since they stopped the vandalization of the pipelines, the odour has stopped coming to us or reduced and the problem has subsided but overall, we are still suffering a lot in our community.” Records by the National Oil Spill Detection and Response Agency (NOSDRA), showed that the latest spill occurred on May 3, 2024 at the pipeline location, 6” Tuomo-Ogboinbiri Gas Delivery Pipeline at Ayamasa gas line. The spill was caused by the activities of vandals who hacksaw cut about 133mm of the pipeline at a 5-7 o'clock position at the gas delivery pipeline.


Speaking further on their ordeal, Aleibiri, whose story was corroborated by the former Vice Chairman of the community, Mr. Benjamin, lamented that both the state and the federal government are not coming to their aid. Aleibiri said, “We don't have a good hospital, no doctor here, even the health center workers, none of them is available. “We try to carry ourselves to Bomadi town general hospital where we can see doctors that treat us and prescribe drugs for us. “Some of the drugs we take, the ones that are supposed to cure the sickness, cannot cure them again because it has become resistant to drugs because it is coming every time and it is not stopping. “In terms of our means of livelihood, our agricultural life is no more as it used to be because of the effects of the oil and gas stations. “If you go to some areas of our community, you can't find grass growing on them. If you plant anything on it, it won't grow because the soil is damaged. “We cry everyday and no one is listening to our cry. They call it sabotage. They only come and work for their money and go back but nothing is coming to the community.”

He however said they are beginning to have a little bit of an atmosphere of security because they now have a TANTITA security, a security outfit controlled by Government Owezide Ekpemupolo, popularly known as Tompolo, who was given a contract by the Nigerian government to secure oil and gas pipelines in the Niger Delta.

“They employed some of our boys into the security that are guiding the pipelines. That is the only benefit we are now getting. “They are not much, if not, it is a community town service and our community is supposed to have at least 100 TANTITA workers as host community, so that the people that want to go and vandalize the pipelines cannot go again. “But we have only 14 slots for our community as host community. We are not treated as a host community.

“When we write to them, there is always no response from them. Then our boys stay at home,” the Ayamasa community chairman said. He added that for the sit-at-home slot, which is for old people who cannot go to the bush to work again, the community got only 50 slots: 25 men and 25 women from the oil company. He said the 25 old women are paid N50,000 each while the 25 old men are paid N100,000 each. “These are the only little things we benefit as a host community. We need help so that they can give us more as a host community,” Aleibiri pleaded. He added that Oando gave them some security slots as host community but noted that the slot is very low. He said, “It is only 14 persons that they employed. As a host community, nothing is given to us to run our administrative affairs, so those mentioned so far are what we are passing through in our community.” In terms of their sources of drinking water, Aleibiri and Benjamin said that the community only gets their drinking water from the river flowing through the River Niger, according to them, which is also being affected by the crude oil spill.

Aleibiri said that apart from the river, the swamp areas don't flow, so the oil spill damages the water from the area, making it not drinkable. According to him, “The government tried to make an alternative by bringing pipe borne waters. We have about two in our community but they are not working. “Most NDDC contracts are not completed. They built them to a certain stage and then went away. And none of them has ever functioned, neither is it functioning now.



“It is only the United Nations Office on Drugs and Crime (UNODC) that has given us one pipe borne water that is functioning. “Apart from that, we still have other small water projects from the government but they are not functioning. They never functioned.”

Aleibiri told our reporter that, “The people from the community who indulge in oil vandalization are as a result of poverty.” He further alleged, “On the aspect of the company, they send people to come and vandalize the pipelines, then on the repair of the pipelines, they make millions.” He noted, “According to the PIA, they were supposed to pay us money. As a host community, we are supposed to get three percent but instead, they (oil company) said they use it to repair the pipelines. So after the repairs, nothing is given to us as a host community.” He also lamented that the spill has impacted on climate change, which its effect is affecting them.

“Look at the sun by this time of the day, it is getting hotter than before, even the rain falls every time. “We don't know the difference between dry and rainy seasons anymore. When the rain is supposed to fall, you won't see it and when it is not supposed to rain, we see rain anyhow. “Most of our crops like pepper and cassava are seriously affected. Today you cannot get much pepper again because pepper cannot withstand the rain. “Look at the flooding today, it is already October which the flood is supposed to have gone away but it is still there, increasing on a daily basis. So it has gotten to the level where, instead of the sea water level going down, it is rising every day by day,” Aleibiri said.

Regarding 3% PIA allocation, “in the last 2 to 4 years, we received only N37,000,000 from the oil company, the rest they said were used to repair the pipelines in the vandalized areas.” The community leaders who confirmed that all the spills that have occurred were under Agip company, said that Oando took over from Agip in September. They however said that till date, “no clean up had ever taken place in Ayamasa community since the oil spill started.” According to Aleibiri,

“The flooding is now doing the clean up for us. If not that it has been covered by flood waters, you would have seen how dry the environment is. The grasses there are all dead. “When the river is very high, it flows to the swamp areas and covers the oil spill parts to wash the top surface away. That is the only clean up we have and that is how God has been surviving us.”

Aleibiri, who also lamented that the spill has plunged the community into acute hunger said, “Feeding here is very hard. In fact, without ice-fish from the town, there are no fish in rivers anymore. “Our cassava and plantain which we use to feed ourselves are not producing well because our soil has been damaged from the effects of the oil spillage. We only buy ice-fish and cow meat for our food, no more fish in our rivers to eat. “Plantain is one of our major farming practices here, today when you plant one, they won't even allow it to get matured, they will harvest it without you knowing. Stealing is on the high side because of hunger in the community. “Even our ponds are no longer in existence because during the dry season, the oil will run into the ponds, killing our fishes because of its poisonous chemicals.” In the aspect of insecurity, he claimed, “Most of our youths are now highway robbers, because they have nothing doing to survive. Some go into oil pipeline vandalization. “No money to send them to school. They have become inferior to their peers in the country. They are just smoking around, which is now on the high side. “Even the police can't stop them from being wayward, a hungry man is an angry man, they do whatever they can to survive the bad situation.”

He said that when compared to other communities in the country, they are lagging behind in everything, noting that the community has prominent people in the government, “Even the Bayelsa State governor's mother is from the Ayamasa community. “We also have a member representing us from Ekeremor State Constituency 1 in the State House of Assembly, Hon. Tare Porri, but they are not doing anything for us.

“Though this same situation is affecting the entire Ekeremo constituency 1, we suffer it most.” He said that it is an NGO, the United Nations Office on Drugs and Crime (UNODC) that gave the community a cassava grinding machine that was commissioned recently to aid the women in the community in processing cassava flakes, popularly known as garri.

▪ *Emu Obedeti – Delta State*


Like Ayamasa Community in Bayelsa State, a visit to Emu Obedeti community in Ndokwa West Local Government Area of Delta State, was another record of lamentation of destruction of farmlands, acute hunger and diseases caused by oil spill and activities of oil companies in the area. Emu Obedeti is a neighbouring community to the Emu Ebendo community which hosts the 12" MWOG/UPIL Pipeline Facility being operated by Midwestern Oil & Gas Corporation. The pipeline facility runs through the Emu Obedeti community, making it a co-host/benefiting community.

Emu Obedeti is also a host community to an oil well being operated by Energia Limited, an oil company which the community members said is also operating 12" MWOG/UPIL Pipeline Facility alongside Midwestern Oil & Gas Corporation and Pillar Oil Limited.

On June 23, 2024, Nigeria's National Oil Spill Detection and Response Agency (NOSDRA) reported on its online platform, Oil Monitor, that there was an incident of oil spill in Emu Ebendo on June 23, 2024 following illegal attachment of 2" Ball Valve with Galvanized pipe extension mounted at 12 O' clock position on 12" MWOG/UPIL Pipeline Facility. Based on the NOSDRA's report, our reporter visited the Emu Ebendo community for on the spot assessment and verification of the incident and its impact on the community and its environs. However, the Emu Ebendo Community Development Council Chairman, Sunday Enuzo, denied the incident, and told our reporter, “There has never been any case of oil spill in this community before or since I became the CDC Chairman about a year ago now.”

When he was confronted with the NOSDRA's report, Enuzo said, “I am the chairman of the Emu Ebendo community and I don't know how they got this report but I am telling you that there was never an incident of oil spill. “I can tell you that if there is any case of oil spill here, I know the appropriate place to go and what to do. I know the right authorities to go to and get them to do the right thing. I can categorically tell you that there has never been a case of oil spill in the Emu Ebendo community.” Meanwhile, as Enuzo prevented our reporter from moving around the community to speak with other residents, and visit the site, a resident of Emu Obedeti who simply identified himself as Mr. Gilbert told our reporter that he personally witnessed the June 23, 2024 oil spill in the Emu Ebendo community.

“The CDC Chairman is lying. I know the day that spill happened. That day, I was going to Emu Ebendo and I saw a tanker parked along the road where the pipeline was broken and they were pumping the oil into the tanker. “There were many soldiers there protecting them and I wanted to stop but when I saw the soldiers, I had to quickly drive off because if I had stopped, they would have forced me to stay there until they finished. “What they do is that if you see them when they are vandalizing the pipeline and moving the crude oil, they will force you to stay with them until they are finished but they would give some money like N30,000; N50,000; N60,000 or more depending on the kind of people involved. “Most of the time, before they break the pipeline and move oil, they must have made an arrangement with top community leaders and security agents in the community, and sometimes like the Emu Ebendo case, they can go with soldiers.” In Emu Obedeti, the immediate neighbouring community to Emu Ebendo, the Secretary of the Community Development Council, Mr. Rudolf Idu, told our reporter that there was no oil spill in Emu Obedeti in 2024, there was one case of oil spill in November 2023. “Well there was no oil spill in Emu Obedeti this year.



The one we encountered happened last year during the rainy season, then after that time around November the oil companies came for the clean up,” he said. Idu said that the Emu Ebendo pipeline facilities run through Emu Obedeti to Arahde and Ilu communities.

On what the oil companies and the state and the federal government have done and are doing for them as an oil producing community, especially as a community that has been affected by oil spill, Idu said the companies have things they do for the community annually, but for the government, “There is nothing coming in.” He added, “We are not getting anything from the government in respect of oil, nothing is coming in.” But for the companies, he said, “Like annually, there are projects they do for each community. They liaise with our leaders based on the projects we want from the companies each year. “What we get from the companies depends on the land space covered by the pipeline which is the money we get from them. “Our own percentage is different from other communities covered by the pipeline. “Like this year, they just did something, our town hall, two days ago the contractor just resumed work. We requested luvass windows for the town hall and the company has responded already by mobilizing the contractor in charge of the project. “Like the issue of blackout, what we are getting from the company (referring to Midwestern Oil & Gas Corporation) won't be enough to fix and restore electricity in the community. “The company so far is only concentrating on the town hall project. What they were able to do this year was to fix the windows but still couldn't complete it. We still have about four to five windows unfixed based on the allocation that was coming in.”

Meanwhile, two other members of the Emu Obedeti Community Development Council, Mr. Nelson Obuwe and Gilbert, who lamented over the destruction the November 2023 oil spill caused to the community, told our reporter that no compensation was paid to the affected farmers, including themselves who were affected by the incident.

Obuwe and Gilbert who took our reporter to the oil spill site confirmed that there was a clean up carried out by the oil companies but noted that only members of the community engaged for the clean up work were paid for the work they did but no compensation was paid to farmers and the community despite large farmland destroyed by the spill. They said, “The oil pipelines are owned by different companies, but they are all operating under the canopy of one particular company which is Energia Limited. We have Midwestern oil pipeline, Energia oil pipeline & Piller oil pipeline. “The clean up was done to the affected areas and no compensation was paid to the community, nor anyone who owns land in the affected oil spillage areas. “They only employed a few persons during the clean up and claim they have compensated the community. Those people only worked for their money for the engagement they got during the clean up activities by the company. “The farmlands are totally degraded and the effects of the crude oil chemicals are still very much on the land from the physical look. “We don't know how long it will take for it to be useful again for farming activities, even the fish pond's that were within the environment are no longer in existence. Fishes can't survive in the affected areas again as a result of the oil spillage on the farmlands.”

Idu, Obuwe and Gilbert lamented, “Up till now, we are not benefiting anything from the Energia oil company as an impacted community. We have written to them severally, till now they have refused to recognize us as an impacted community. “They keep deceiving us with the claim of the oil well in our community that they are coming to start working on the oil well and we will be treated as a host community, and that we should forget about being treated as an impacted community. “They just abandoned this oil well for no reason and every benefit that is supposed to come to us as a host community or impactful community is not coming to us.

“Even the company does not employ anybody from Emu Obedeti.” Corroborating Obuwe and Gilbert's claims, Idu said, “Another challenge the community is facing is that we have an oil well that was being allocated to Energia Limited, which is called Obedeti 1.” He added, “The oil well is found inside our farmland and it is accessible. The oil well has not been functioning since it was discovered and developed in the 1970s. “Like sometime early this year, there were some delegations from the federal government. I don't actually know their office but they came and liaised with the community and visited the oil well to know the condition of the oil well.” He lamented that the second part of the Oil Well in Emu Ebendo called Obedeti 2, “Is even where we are having problems because if you check their operational sites, it was directed to our community. “It is not up to two kilometers from here but they don't treat us as if we have anything to do with them. “Even at night, you will see the high impact of atmospheric pressure of lightning surfacing our environment. “During the rainy season when they want to do their waste flushing, most of the waste from the company flush into the flood which flows into our river, killing aquatic lives, including fishes in our local ponds. “We don't have normal night life as it used to be, because of excessive heat from the company site. We no longer experience the normal darkness that is associated with nighttime.

“The children born ever since the flaring from the company started cannot explain what night looks like.” They further noted, “During the oil spillage last year, we experienced harmful smells and scabies before they did the clean up. “We are facing issues from Midwestern oil and gas pipelines and issues from the Energia Limited site. “The effects of these oil companies' explorations in our community is majorly on our fish ponds. These ponds are not artificial.” According to them, Energia Limited claims they are operating the Oil Well and they are settling the community but it's not working.


“The Obedeti 1 Oil Well which is located exactly in our community is not working. They keep lying to the federal government. The one that is working is Obedeti 2 which is located about 2 kilometers away from here in the Emu Ebendo community. “If not for the activities of Energia Limited at the Oil Well in the Emu Ebendo, we would have been having enough fishes in our rivers but the activities of the company has reduced everything. “We are not benefiting anything from the company, they don't even treat us as a host community. Nothing is reaching us as the host community.”

▪ ***Ibena Community, Akwa-Ibom State***

During a visit to Ibena Local Government Area in Akwa Ibom, it was revealed that communities hosting multinational oil companies continue to face dire challenges. Many of these communities lack basic amenities such as electricity, clean drinking water, healthcare facilities, and educational support. Residents of Ibena Local Government Area in Akwa Ibom State are voicing their concerns over the devastating impacts of oil spills on their environment, livelihoods, and overall well-being. Host to numerous multinational oil companies, the communities lament the worsening effects of pollution, which they say have led to climate change challenges and a lack of basic amenities.

▪ ***Okoroitak Community, Akwa-Ibom State***

Okoroitak Community, one of the host communities, is home to an oil well operated by Network Exploration Company. The youth president, Comrade Okon, expressed frustration over the lack of corporate responsibility, stating that the company's pipeline runs dangerously close to the community's drinking water. Despite repeated requests for clean water and solar-powered street lights, the company has not delivered. Comrade Okon highlighted how the Petroleum Industry Act (PIA) has failed to address their grievances. “Since the company implemented the PIA, we have seen no tangible benefits.



We've asked those in charge of the PIA what the funds have been used for, but there has been no accountability," he said. He also revealed that his advocacy for the rights of his community has led to threats against his life.

- **Iwuosha Community, Akwa-Ibom State**

Joseph Jonah, the youth president of Iwuosha Community, painted a grim picture of the oil spill's impact on their environment. "Our aquatic animals have died, fishing nets are spoiled, and there are no fish left in the rivers," he said. He added that the oil-stained nets are now useless, and farmlands have been destroyed, forcing many to abandon farming altogether. Jonah also criticized the PIA's lack of transparency, echoing sentiments of neglect. "We've been asking what the PIA funds have been used for, but there has been no explanation. We are promised action every dry season, but nothing changes," he said. Jonah further explained that the people of Iwuosha are experiencing the effects of climate change, such as black soot in rainwater and rapid corrosion of rooftops, which he attributes to pollution from oil companies like ExxonMobil, Coin Oil, and Network Exploration.

- **Iwuopom Community, Akwa-Ibom State**

Mrs. Abigail Edideom, the women's leader of Iwuopom Community, lamented the lack of healthcare facilities, which forces women to travel long distances to deliver their babies. "Many women have died during childbirth due to the absence of a clinic. I'm currently caring for a little girl who lost her mother during childbirth," she said. Chidiebere, a businessman known as Ikem, has lived in Iwuopom for 28 years and recounted how oil spills have disrupted local businesses. "The August-to-September oil spill was catastrophic. It affected seafood, stopped fishermen from going to the river, and impacted my business as a boat operator and fish trader," he said. Similarly, Tyoro, a farmer and fisherman from Okoroitak, said, "Network Exploration is the cause of the pollution destroying our river and farmland.

We now rely on cutting firewood to sell as our source of income." Austin Akpan, the chairman of Iwuopom Community, criticized multinational companies for failing to address the needs of their host communities. "We don't have scholarships, good health centers, steady electricity, clean water, or employment opportunities. Instead, their activities have destroyed our rivers and farmland," he said. Akpan called on the federal government to visit Ibeno and address their complaints, stating, "People have been employed for over 40 years, but no one from this community has been employed. Those who managed to get in were later dismissed." His Royal Majesty, Owong (Prof.) Effiong B. Archianga, Paramount Ruler of Ibeno Local Government Area, emphasized the rich natural resources of Ibeno, which he said have been devastated by oil spills. "Our farmlands and rivers have been destroyed, yet we have received no benefits from NGOs, the state government, or the federal government," he said. The monarch urged immediate intervention to mitigate the environmental degradation and ensure fair treatment for Ibeno's communities.

CONCLUSION

After almost 7 decades of oil exploration, politics and corruption continue to ignite agitations for recognition, equitable treatments and environmental justice from the host communities and stakeholders. There is the need to prioritise the implementation of critical provisions of the PIA to entrench institutional integrity to enhance commitment to regulatory and oversight mandates of ministries, departments and agencies (MDAs) of the oil and gas sector. This is the only way to guarantee commitment of actors in the sector to fulfilling their parts of the bargain of responding to the needs of the host communities. The already worsening land degradation and destruction of livelihoods with attendant poverty and the squalid conditions of the host communities would be made more perilous if divestment and decommissioning by IOCs are allowed to lead the abandonment of facilities. Thus, demand for transparent and equitable management of oil resource has been that of continuous struggle from stakeholders who demand environmental justice and equitable recognition of the host communities.

The government ought to appreciate that issues relating to divestment as well as decommissioning and abandonment of assets by oil companies elicited concerns among local communities and stakeholders. The host communities demand urgent action from the federal government and multinational companies to address the ongoing environmental crisis, provide basic amenities, and ensure accountability in the use of PIA funds.

RECOMMENDATIONS

1. Demonstration of commitment to the enforcement of the implementation of provisions petroleum Industry Act (PIA) by Nigerian Upstream Petroleum Regulatory Commission (NUPRC) and other regulatory agencies.
2. Strengthening collaborations between the CAC, anti-corruption agencies, Nigerian Extractive Industry Transparency Initiative (NEITI) and NUPRC against abuse and corrupt practices in MFs' bid and award of contracts in the oil sector.
3. Engagement of society organisations and actors in the monitoring of bid process to enhance transparency and accountability as well as to reduce the propensity for institutional abuse and corruption.
4. More inclusive engagement of host communities and stakeholders on decisions and timeline of divestment and decommissioning to prevent abandonment and risks of environmental degradation and pollution in the host communities
5. Involvement of host communities to create opportunities for benefits and ownership in the sales and disposal of assets arising from divestment and decommissioning.
6. Demand for increase investments in Corporate Social Responsibility (CSR) by International Oil Companies (IOCs) and key players in the oil sectors to deepen transformational changes beyond transactional interventions in the host communities.
7. Accountability platforms and relevant stakeholders within civil society groups should demand observers' status from NUPRIC to legitimise oversight roles in bidding process as well as awards of contracts in the oil sector to discourage flippancy and impunity by prospective beneficiary owners, public officials and political influence peddlers. The ultimate objective is to build public trust towards enhancing the integrity of the process.
8. The federal government through the relevant ministries, departments and agencies (MDAs) should foster the the ideal of open government in the implementation of the Host Communities Development Trusts (HCDTs). This is imperative towards ensuring that the decision-making process as well as management of resources earmarked for the oil-producing communities are carried out in transparent, participatory and collaborative manner.
9. Host communities should enjoy right of first refusal benefits in the event of asset disposals arising from divestment as a way of addressing the challenges of abandonment.
10. Public enlightenment and engagement of stakeholders are imperative in demanding commitment for the implementation of relevant provisions of PIA that directly affect interest of the public and, in particular, the concerns and expectations of the host communities and their inhabitants.

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