

NNPC/Mobil JV begins construction of 500Mw power plant

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Nigerian content policy has changed the landscape significantly

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Sweet crude

A Vanguard Monthly Review Of The Energy Industry

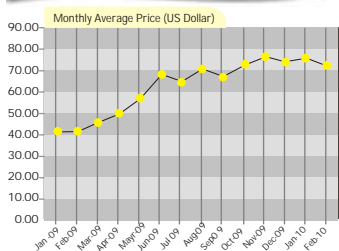
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UPDATES



MONTHLY BASKET PRICE

Jan-09	41.54
Feb-09	41.41
Mar-09	45.78
Apr-09	50.20
May-09	56.98
Jun-09	68.36
Jul-09	64.59
Aug-09	71.35
Sep-09	67.17
Oct-09	72.67
Nov-09	76.29
Dec-09	74.01
Jan-10	76.01
Feb-10	72.81

Total to invest \$20 billion in Nigeria

France's Total is to invest \$20 billion in Nigeria's oil and gas sector over the next five years, Total Nigeria's Deputy Managing Director, Alek Musa said Wednesday. "Total has proven reserves in Nigeria's deepwater offshore of 3.4 billion barrels of oil equivalent since discoveries in 2000 and it is the fourth largest oil company in Nigeria," Musa said on the sidelines of an industry conference in Abuja.

IOCs, NNPC still at odds over PIB

- IOCs claim \$50bn investment in deepwater at risk
- NNPC insists \$287m lost to PSCs monthly



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Editor's Note

For an industry which has suffered stymied growth in the last 5 years, the expectation was that the 2010 Nigerian Oil and Gas international conference and exhibition would have provided ample opportunity for operators to forge a common understanding on the number of outstanding issues impacting investment decisions on projects. But this was not to be as the multinational operators insisted they had not been carried along in and that the tariff regime contained in the petroleum industry bill (PIB) among others which risked making the country's operating environment the harshest in the world, while also undermining a \$50 billion investment portfolio. However, ministry of petroleum resources and the NNPC insisted government had been very transparent, while also debunking claims on non-consultation.

As a means of unraveling the circumstances surrounding the Nigerian Content initiative, we also spoke with Mr. Ernest Nwapa, the general manager in charge of the Nigerian Content Division at the NNPC. He was gracious enough to explain current efforts at domiciliation as well as the state affairs surrounding contracting cycle and efforts to redress perceived abnormality. As usual we have kept faith with coverage of labour related issues, feedback, insurance, finance, power, solid minerals, gas, freight, and community development.

We have decided to profile Nigerian companies participating at this year's Offshore Technology Conference (OTC) taking place between 3rd and 6th of May, 2010 in Houston, Texas. We therefore urge you to take advantage of our growing reach by ensuring that your company gets profiled in the May edition of *Sweet crude*.

Editor

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Hector IGBIKIOWUBO,
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Oscarline ONWUEMENYI

International oil companies operating in Nigeria, notably Shell Petroleum Development Company (SPDC) and Chevron Nigeria Limited last week seized the platform provided by the annual Nigeria Oil and Gas international conference and exhibition to underscore the deep schism that still exists between the multinationals exploration and production companies and the state-run Nigeria National Petroleum Corporation (NNPC) over aspects of the Petroleum Industry Bill (PIB) currently before the National Assembly.

Things came to a head on Tuesday at the strategic session of the Nigeria Oil and Gas Conference in Abuja, where representatives of the IOCs gave a frank overview of the proposed petroleum industry reform bill championed by NNPC and the Ministry of Petroleum Resources.

The out-going Regional Executive Vice-President of Shell Exploration and Production, Africa, Mrs. Ann Pickard dealt the most devastating blow to perceived collaboration between stakeholders in the industry over the PIB, when she disclosed that despite claims by her friend, Dr. Mohammed Sanusi Barkindo, the Group Managing Director of the NNPC, if provisions of the PIB is passed in its current form, it would make further investments in Nigeria's deepwater uneconomic and result in loss of \$50 billion in investment.

However, in a statement put out following Pickard's pronouncements which were echoed by Andrew Fawthrop, the Managing Director of Chevron Nigeria Limited during his presentation, the NNPC urged the National Assembly to fast track passage of the PIB noting that the country is losing additional revenue of US\$ 287m in accruals to government from the three PSCs every month that goes by without its passage.

Shell's Ann Pickard:

She noted that the PIB lacks insight into the very basics of the oil and gas industry, adding that until lately, the IOCs had not been consulted, adding that it threatens to make the present situation in the nation's oil and gas industry worse.

"In the form currently proposed, the bill will make the Nigeria PSC regime among the harshest in the world, despite the high risk environment. The OPTS believes the bill will effectively end investment into Nigeria's deepwater.



The Acting President, Dr. Goodluck Jonathan being briefed on operations of the Nigerian Agip Oil Company Limited at the just concluded Nigeria Oil and Gas conference. With him are (right to left) the Petroleum Resources Minister, Dr. Rilwanu Lukman; Minister of State for Petroleum, Mr. Odein Ajumogobia; Group Managing Director of NNPC, Mr. Mohammed Barkindo; and, the General Manager, Public Affairs of Nigerian Agip, Mrs. Olufunmilayo Goka.

IOCs, NNPC still at odds over PIB

"Their analysis suggests that no matter which version of the bill you look at all or almost all proposed deepwater projects between now and 2020 will become uneconomic, and approximately \$50 billion won't be invested as planned."

Pickard further noted that both the government and the international investors had failed to take responsibility for the proper repositioning of the oil and gas industry over the decades, resulting in the decline in the sector.

She lamented that the nation's oil and gas production over the last decade has declined seriously and has been eclipsed by countries like Angola, even as investment in the industry has stalled.

"If passed in the form currently proposed its mistakes will take years to correct. Nigerians will have to wait longer for the electricity they need to light their homes at night. They will have to wait longer for the jobs they need

to put food on the family table.

"The government will have to face difficult choices to balance the budget with less money available for the social services that the people need," she stated.

Pickard explained that Shell and other companies both international and Nigerian have extensively shared their thoughts and knowledge with government over the proposed industry reform bill.

"Nigeria's oil and gas production has not only failed to grow, it has fallen every year since 2005. Its share of global oil production is shrinking with it, falling just over 30 per cent since 2005."

She said, "Our collective failing is that there has been a distinct inability to translate all of these positives into coherent policies and actions; to focus on speed and simplicity. It is a failure to seek win-win solutions as opposed to win-lose.

"There has been a failure to recognise that we all benefit from taking a fair share of a growing

Their analysis suggests that no matter which version of the bill you look at all or almost all proposed deepwater projects between now and 2020 will become uneconomic, and approximately \$50 billion won't be invested as planned

industry rather than an excessive share of a declining one; an unwillingness by some to stand up and take decisions. A failure to work with partners rather than see them as adversaries to be held at arm's length."

She stresses that Nigeria was too rich to be poor, noting that even as she leaves Nigeria after five years she felt a particular sadness over her inability to hand over a buoyant portfolio to her successor.

Speaking right after Pickard, Mr. Fawthrop urged the NNPC and the Ministry of Petroleum Resources to engage stakeholders in the review of contentious portions of the PIB noting that this had become imperative if the industry was to make progress.

Dr. Rilwanu Lukman:

While delivering a keynote address at the opening session, Dr. Lukman said that since the PIB was submitted to the National Assembly, the executive arm of government has undertaken a comprehensive review and

IOCs, NNPC still at odds over PIB

CONTINUED FROM PAGE 4

comprehensive review and engaged all oil companies and other stakeholders in the areas of fiscal terms and upstream institutional arrangements.

"Altogether, 56 changes were made in line with presentations from the OPTS, 36 changes were made in response to the Federal Inland Revenue and 66 other changes based on presentations from other stakeholders.

We are confident that the final product of the bill when passed, will usher in a new era in the Nigerian oil and gas industry," he pointed out.

Dr. Mohammed Barkindo:

Making his own submission, the Group Managing Director of the NNPC, Dr. Mohammed Barkindo described the PIB as the single most important legislation that seeks to introduce transparency and accountability in the petroleum industry in Nigeria in consonance with international best practices.

"This is the first time in Nigeria that we will have an all encompassing law that would govern the industry in the most transparent manner that will meet the expectations of the international community as well," he said.

Although Pickard had claimed that the IOCs were not consulted until lately, Dr. Barkindo had earlier explained that "many nations like, UK, Alaska (US), Venezuela, Algeria, Russia, Alberta, Angola, etc had changed fiscal system to respond to operational and economic realities without recourse to foreign interest or IOCs. Yet, it is an open secret that both Houses of the National Assembly conducted a robust public hearing to accommodate the ventilation of opinions and comments from all stakeholders".

Nigeria loses over US\$287m monthly

In its reaction to Ann Pickard's submissions at the NOG, the NNPC canvassed strong arguments in favour of the accelerated passage of the PIB.

In a statement, Dr. Levi Ajuonuma, the Group General Manager, Group Public Affairs of the Corporation tried to dispel insinuations made by Pickard.

The statement noted that while delivering a paper titled: Nigeria's Position as a Key Player in Global Oil and Gas Markets at the 2010 Nigeria Oil and Gas, Pickard described the proposed oil industry reform legislation as "a cumbersome document that lacks insight into the very basics of our industry."

The NNPC also noted that Pickard painted a bleak future on the oil and gas industry post-PIB



● Engineers at drilling rig

and also criticized the fiscal provisions of the proposed law which she described as the "harshest in the world".

The NNPC described the anti-PIB comments as misplaced and totally different from the realities of modern fiscal system.

"What Shell wants us to do is to keep subsidizing the production of gas which they end up exporting to their home countries to guarantee their national energy security. As I speak, Nigeria is still subsidizing gas for export because the cost of producing gas is recovered from oil revenue. There is no country in the world that does not get value for its natural resources. But we are getting negative value from gas in Nigeria. The big question is if Nigerians are willing to forego subsidy from petroleum products which they consume, why should Shell or any other international oil company operating in this country expect Nigeria to keep subsidizing the gas that they export to other countries? That and many more abnormalities are what the PIB seeks to correct," Ajuonuma noted.

On the argument that the proposed bill will make the Nigerian PSCs the harshest in the world, despite the so-called high risk environment, the NNPC

*As I speak,
Nigeria is still
subsidizing gas
for export
because the cost
of producing gas
is recovered from
oil revenue*

remarked that such statement is 360 degrees different from verifiable empirical evidence.

"Currently, Nigeria has one of the lowest government take in the world for PSC which stands at 42 per cent whereas the international average worldwide is 75 per cent. In Angola it is 78 per cent, in Norway it is 76 per cent and even Ghana which has not even started is proposing about 80 per cent. What is even being proposed under the PIB is 70 per cent which is still less than what Angola is getting today. So how can that be harsh? For 10 years we allowed them to operate the Liquefied Natural Gas, LNG, in Bonny without paying a kobo as tax to the government because of a tax holiday all to encourage investment. Now, Nigeria wants to maximize its gas potentials to the fullest," Ajuonuma explained.

He stated that the PIB is seeking to ensure that Nigeria and Nigerians reap the full benefits of their God-given resources. "Research shows that 80 per cent out of every one US dollar invested in the oil industry, goes offshore. That is why PIB is talking about local content. Under PIB, no oil company can import cooks and stewards from their country to work in Nigeria as expatriates." ■

Total's commitment to cabotage law commended as MV Osayame is commissioned

The recent commissioning of MV Osayame, a Stern Driver Offshore Terminal tug boat, at Onne, Rivers State marked a new chapter in Total's commitment to the Nigerian Content policy of the Federal Government.

Rivers State governor, Mr. Chibike Amaechi, represented by his deputy, Mr. Tele Ekuru, commended Total for identifying with government's goals of guaranteeing an enabling environment for businesses, supporting indigenous entrepreneurs and creating jobs for citizens, with gestures such as the building of MV Osayame.

MV Osayame is one of the fruits of the Nigerian Cabotage Act, enacted in 2004 to stimulate the development of indigenous capacity in the Nigerian maritime industry. It requires vessels to be built in Nigeria, to be registered in Nigeria, wholly owned and manned by Nigerians, if they are to operate in the country's coastal and inland waters.

At the event, Total's Deputy Managing Director (Technical), Mr. Roger Piorier, who was represented by the Executive General Manager (Technical Services) Mr. Adebisi Otukoya, described Total as a key stakeholder in the government's local content policy and underscored the company's support for the Cabotage Law.

According to him, "The use of longer-term contracts, as is the case for this vessel, is a model that should be retained in the industry for promoting local capacity building.

Lukoil misses full reserve replacement

Russia's second biggest oil company Lukoil replaced 95% of its 2009 production with new reserves, trailing behind its top rival Rosneft.

Analysts closely watch reserves replacement ratio as a sign the company can grow production in the future and maintain output year to year.

Lukoil, 20% owned by ConocoPhillips, said today its proved reserves rose by 782 million barrels of oil equivalent due to geological exploration, production drilling and acquisitions in 2009, slightly below the amount it produced, reported Reuters.

Its total stood at 17.5 billion barrels of oil equivalent by the end of last year, including 13.7 billion barrels of oil and 22.9 trillion cubic feet of gas.



ENI's Descalzi in double speak

Hector IGBIKIOWUBO

IN what appears an ambiguity of sorts, the Chief Operating Officer (COO) of ENI Worldwide Exploration and Production, Mr. Claudio Descalzi has reaffirmed his company's commitment to double its investment in Nigeria's oil and gas industry, while also noting that uncertainties surrounding the new Petroleum Industry Bill (PIB) are, in his opinion, preventing the Industry from investing in the Country.

Mr. Descalzi made the disclosure recently while on a working visit to the Nigerian National Petroleum Corporation (NNPC) in Abuja.

Mr. Descalzi informed of the readiness of his company to invest more in the Brass LNG and the power plant projects which has remained largely on the drawing board. The promoters of the Brass LNG projects have still not taken the Final Investment Decision (FID) about 6 years after the project was actually mooted. Construction of the two trains, 10 million metric tons per annum capacity liquefied natural gas plant is expected to gulp about \$3.5 billion.

Incorporated on 20th February 2004 as a company, four stakeholders in September 2006 signed the Shareholders Agreement for the Brass LNG Project. The shareholders were Nigerian National Petroleum Corporation (NNPC), ENI International, Phillips (Brass) Limited (an affiliate of ConocoPhillips) and Brass Holdings Company Limited (an affiliate of TotalFinaElf).

The shareholding structure of the company shows that the Nigerian National Petroleum Corporation holds 49 per cent; Eni, 17 per cent, Conoco Phillips, 17 per cent and Total, 17 per cent respectively.

The Final Investment Decision (FID) had suffered several postponements having been initially slated to be taken in December, 2006 but later moved to December, 2008 as a result of other contributing tentative factors. At that time, attack by militants was blamed as the major cause of the first rescheduling.

It would be recalled that ConocoPhillips, one of the shareholders, had in 2006, pushed for an indefinite postponement, following a surge in militant attacks and kidnappings in the Niger Delta.

However, the problem of availability and sourcing of the natural gas feedstock for the

- Commits to further investments in Nigeria
- Cites uncertainties over PIB



● Eni building, Rome

project seems to have assumed the front burner in the joint venture concerns.

In 2008, after assessing the availability of gas from the participating international oil companies, it was discovered that they could only guarantee about 70 percent of the natural gas feedstock needed for the project. And that was over a year ago. So

the shareholders decided that they get the remaining 28 per cent gas needed before proceeding with the sealing of the FID.

In a piece submitted to LNGpedia, Ifeanyi Izeze, a communications consultant noted that 'how the shareholders are going about sourcing the over 30 percent of the remaining gas feedstock could best be described

as blurred and at worst obscured. With most of the production operations terribly slowed down in the onshore, swamp and near shore arena, the only option left for the supply of the balance feedstock remains the deep offshore arena.'

With regards to the on going

Nigerdock achieves 700,000 man hours on Mobil project

Nigerdock's fabrication facility located in Lagos, recently reached the milestone of 700,000 man hours progress in the Satellites Field Development Phase 1 project (SFDP-1) for Mobil

Nigeria (MPN) with zero lost time incidents.

Nigerdock was awarded the contract in 2008 for the procurement and fabrication of two platforms, Abang and Itut (with a combined weight of 3,700 tons). The contract was historic in the sense that it was the first time a Nigerian company was awarded such a project to simultaneously fabricate two complete platforms in-country.

Nigerdock is executing this project using world world-class construction technology while currently serving other projects and clients. This first-of-its-kind project clearly demonstrates that Nigerdock's in-house capabilities of dedicated personnel and resources can take on large challenging projects and establish a benchmark within the industry for a project of this size and complexity.

Strategically positioned at Snake Island Integrated Free Zone, Nigerdock's modern, fully equipped fabrication facility is accredited to ISO 9001:2008, stamp certified, and is ASME U and national Board R stamp certified, ensuring it delivers to the highest quality.

West Gemini Newbuild to spin bit in W/A

Seadrill has received a letter of award from an international E&P operator for the ultra-deepwater drillship West Gemini under construction.

The letter of award represents a two-year contract with an estimated contract value of approximately US \$345 million, including mobilization fee.

Furthermore, the operator has the right to extend the contract for an additional year at a similar dayrate. West Gemini is expected to be completed early July 2010 and will subsequently relocate from Korea to West Africa to commence operations under the two-year contract.

CONTINUED FROM PAGE 6

discussions on the new Petroleum Bill, the Eni head said his group appreciates the approach adopted by the Nigerian Government in engaging and listening to the views of the companies and other stakeholders.

He expressed confidence that Federal Government will take the opportunity to elaborate reforms which will safeguard the investments in the sector.

Descalzi emphasised that, notwithstanding the global economic crunch in 2008 Eni has taken the decision to invest in the Oyo project together with its Nigerian Partner Allied and achieving completion within 20 months.

The COO confirmed that company is investing, in a significant way, in flaring down projects aiming at zero flaring in the Land Area of NAOC JV operations in the coming months.

Mr. Descalzi stated that one of the ways the Federal Government amnesty programme could be sustained was through the creation of job opportunities for ex-militants and other youths in the Niger Delta that are skilled in oil and gas field.

"My main message to you is that we are ready to invest in Brass LNG and for the second phase of the Independent Power plant in Kwale Okpai, I want to reassure you that we are ready to start working and we will be part of the financing of the project," Mr. Descalzi declared.

In his response, Dr. Mohammed Sanusi Barkindo, the Group Managing Director of the NNPC lauded ENI for its multi-million dollar investment in Nigeria in the past few decades and assured of the safety of their investment even in the post PIB era adding that the contributions of stakeholders into the PIB was a clear demonstration of democracy in action.

"We consider you as a very important partner and despite the uncertainties being expressed about the bill, we are confident that the future holds a lot for us. We want to grow the oil and gas industry in Nigeria to international standard and we are confident that within the shortest possible time the legislative process will be completed," Dr. Barkindo assured.

The GMD described the ENI power plant as a success story, noting that power is central to the Federal Government's development plans for Nigerians because of its propensity to stimulate economic activities across the various spectrum of the society.

In March 2007, Eni signed a Production Sharing Contract with Nigerian National Petroleum Corporation, NNPC concerning the OPL 135 exploration license.

The area is located in the north-east of the Niger Delta, a short distance from the Kwale/Okpai treatment plants.

The agreement allows for strong co-operation with the Nigerian partners both in the



● A local beside an oil well head. In the background is an oil impacted site

ENI's Descalzi in double speak

operative and technical management of the activities, with the objective of supporting the development of local competencies and resources.

The PSC has an effective duration of 25 years: the first five years will be devoted to the exploration phase and the following 20 years to the development and production phase. ■

Hyperdynamics completes 2D seismic offshore Guinea

Hyperdynamics has completed its 2009-10 2D seismic data acquisition program over its exploration area offshore Republic of Guinea in Northwest Africa.

The survey, conducted on the companies' behalf by Bergen Oilfield Services of Norway, entailed acquisition of just over 10,000 kilometers of 2D seismic to delineate areas of interest. Dana Petroleum and Repsol are expected to contribute their pro rata shares of the approximate \$11 million total cost of the program.

"We utilized the initial data from this broad area study to help us select the most prospective offshore blocks that we want to retain for further exploration," said Ray Leonard, Hyperdynamics' President and Chief Executive Officer. "With the 2D seismic data in hand, our next step will be to identify those areas over which we will want to conduct a 3D survey expected to get under way in the third quarter of this year."



● Fishermen in the Niger Delta



Nigerian content policy and foreign direct investment (FDI)

Understanding the dynamics of money with relation to value addition is a major gap that the Nigerian Leadership must close to achieve its Nigerian Content goals. It is needful to take a holistic view of how the Nigerian Local Content Policy must be applied to reduce capital flight and increase FDI.

Imagine that a government or international oil company is concerned about energy security for its country and home market in the year 2035 and decides that it would seek for an Oil and Gas province where it can secure its requirement based on an investment now. This Foreign Direct Investment is what should accrue to Nigeria and the country can strategically position itself to secure enough energy for Nigerians while positioning itself to articulate what surplus energy it would have on the basis of its projected national growth by 2035. Do we have a national population growth estimate for 2035 and beyond? Does data exist on our projected energy utilisation for the period 2035 - 2050?

Foremost in the minds of any leadership must be a Vision, Mission, Goal, Objective, Plans and Strategies for achieving any pronouncements made if they are to be taken very seriously. Whilst the 2010 failures are yet to be addressed, I would like to challenge patriotic Nigerians to work towards a 2035 plan. If there are no sanctions, penalties and consequences for deviating from or breach of any laid down plan and law, Nigeria can not attract FDI. Government must equitably commit to ensuring that an environment conducive for the attainment of set goals and targets exists and the necessary requirements are made available to encourage law abiding players (local and international). Nigeria needs to have structures in place to guarantee a healthy return on investment to any investor.

Nigeria must convince investors that it has the mechanism for business to be transacted in a fair, equitable and transparent manner and as such the following glaring gaps must be covered for so many reasons:-

- * The disgraceful activities of political cronies and middlemen contractors must be addressed primarily. Nigeria is now known as one of the most corrupt countries in the world.
- * The poor Infrastructure and deteriorating quality of life of the Nigerian must be addressed. At 2000MW average daily power supply for over 140 million Nigerians we must be the laughing stock of world-class players in the global scheme of business.
- * As a priority, counterpart funding in the area of gas flare-out projects, IPPs, gas utilisation, domestication and monetisation should be sought and provided.
- * The Petroleum Industry Bill and the Nigerian Local Content Policy must be harmonised within a month. A date must be specified and adhered to.
- * The contracting cycle of 18 - 24 months which can be attributed to the involvement of NAPIMS, the NNPC Board, the Minister and the Federal Executive Council where interests lie, should be streamlined to a maximum of 6 weeks to 3 months and based on merit.
- * Contract Award Criteria, Basis for Award, Contract Costs and Breakdown of Activities must be published and made public for accountability purposes.
- * Award of Oil blocks should be tied to downstream development and the stimulation of agro based industries. Nigeria should focus on becoming a petroleum process hub rather than a crude oil hub - refined crude products, petrochemicals, methanol, fertilizers, LPG, CNG, NGLs etc.
- * The security of life and assets should be guaranteed through institutional processes and good governance.

The Petroleum Industry Bill (PIB) and the Nigerian Content Bill (NCB) will end up becoming another 1969 Act, not well implemented if we do not rid ourselves of self centeredness, myopic personal goals and adopt national serving legal, regulatory and institutional structures and mechanisms to drive the actualization of the local content programme in a manner that is fair and sustainable to all players.

The vision to transform the oil and gas industry into the economic engine for job creation and national growth by developing in-country capacity and indigenous capabilities whilst being laudable may end up becoming a stumbling block if we do not work hard to attract FDI into the Nigerian economy. Systems, Structures, Processes and Procedures must be put in place with commensurate sanctions, penalties and consequences for anyone in breach of the best practices of honesty, transparency and integrity in the delivery of quality goods and services

Oyo field comes alive, gulps \$963m ...As FG allays PIB concerns

Hector IGBIKIOWUBO

THE Oyo filed promoted by the Nigeria Agip Exploration Company and Allied Energy Plc, an indigenous oil company has finally come alive after gulping a whopping \$963 million (about N143.4 billion).

Meanwhile, the Federal Government has seized the occasion to allay investors' concerns over some of the provisions of the Petroleum Industry Bill (PIB) currently before the national assembly.

While speaking at an occasion to mark first oil, Mr. Odein Ajumogobia (SAN), Minister of State for Petroleum Resources noted that the milestone recorded by Allied Energy and its multinational partner, Agip underscores government's policy towards increasing Nigeria's crude oil reserves and production as well as encouraging local participation in the upstream sub-sector.

"In celebrating first oil, we forget the challenges that led to first oil, the long journey, from when they started to this day. This is the first time an indigenous company is partnering with an international oil company in the deep offshore. They must be

congratulated. From the record I got from the Managing Director of Agip, they went from final investment decision to first oil in 20 months and I am told that in the industry it takes anything up to 48 months. This is really a record and it shows that the partnership between an indigenous company and a foreign company can work," he noted.

Also speaking, Dr. Mahmud Yayale Ahmed, Secretary to the Government of the Federation said the challenges of the Niger Delta and quest for stable power supply is of great concern to the government.

He described the partnership between Agip and Allied Energy as unique, adding that government will continue to encourage such partnerships.

"This kind of partnership is quite unique. Under two years you have succeeded in celebrating first oil. This is an achievement worthy of emulation internationally. I will like to say that we in Nigeria will continue to encourage such partnership. Nigeria is a free country, which welcomes all sorts of investments. As you venture more in such partnership we will like to appeal to those that are coming to join us because our task of building a nation is just starting," he said.

Also speaking Mr. Giro Antonio

Pagano, Vice Chairman and Managing Director of Agip said the company has always been involved with Federal Government's objectives through pursuit of growth opportunities in the Nigeria's energy sector as well as other critical areas of the economy.

Also speaking, Mr. Philip Chukwu, Group Executive Director, Exploration and Production at the Nigerian National Petroleum Corporation (NNPC) who represented the Group Managing Director observed that a few months ago Nigeria's production dropped significantly because of problems in our areas of production, but that the recent steps taken by government has raised production by almost 30- 50 percent above of what we produced last year.

"Many of the companies that are operating in Nigeria today came in 1930s, 1950s and it was said that Agip came in 1962. They are still here today because our laws are such that those who want to do business in Nigeria can do that without any problem, so that is what Nigeria offers to all those who have money, who have the skills, who want to come and do business here".

On his part, Mr. Kase Lawal, Chairman of Allied Energy



● An Oil Rig

Kosmos awards seismic study offshore Ghana to OHM

OHM Rock Solid Images has been awarded a seismic reservoir characterization study by Kosmos Energy for the Odum Field, offshore the Republic of Ghana on the West Cape Three Points Block. A 3D seismic data volume covering 500km² will be inverted for reservoir properties and calibrated to the Odum-1 and Odum-2 discoveries which are approximately 18 km east of Kosmos' Mahogany-1 exploration well and the Jubilee oil field.

"The West African Transform Margin play is in its infancy; relatively few wells have been drilled and there is still much to be learned about developing the most effective strategy for exploitation and production. When confronted with a slope channel complex such as that encountered in the Campanian-aged Odum discovery, an advanced reservoir characterization study based on seismic and well data is an effective tool for reservoir delineation and appraisal. The experience Rock Solid Images has gained in the region over the past two years including the work completed on the Jubilee Field will play a key role in the successful outcome of this project," said Kosmos Energy Senior Vice-President and partner, Kenny Goh.

Rock Solid Images Senior Vice-President, Gareth Taylor said, "We are extremely pleased that Kosmos Energy continues to recognize the value of tightly integrating well and seismic data to better characterize reservoirs. We are appreciative of the opportunity to continue our technical collaboration with Kosmos Energy's world-class exploration team; furthermore, we look forward to the challenge of applying our robust and repeatable rock physics-driven seismic reservoir characterization workflows to the Odum oil discovery."

ExxonMobil's sitting pretty

US supermajor ExxonMobil notched up a reserves replacement ratio of 133% last year, saying that additions to its proved reserves tally in 2009 totaled 2 billion barrels of oil equivalent, its highest for the decade.

Stripping out the impact of asset sales, ExxonMobil's reserves replacement ratio edged up to 134%, it said.

This is a different price basis than that used by the Securities & Exchange Commission (SEC), which uses 12-month average prices for the 2009 year-end reserves calculation. Proved additions were also made elsewhere, including Canada, the US, Angola and Norway.

Oyo field comes alive, gulps \$963m ...As FG allays PIB concerns

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observed that deepwater is a difficult terrain in terms of capital and technology, noting that determined investors can always make it.

"We serve as the testimony to the power of partnership, in terms of not just on paper. It is not getting an oil block and sell or getting a piece of paper or permit and sells it. Our partnership with Agip is a partnership of an integrated management team both from the Agip group and CAMAC group working together day and night to be able to get where we today", he said.

It is expected that the Oyo field will initially produce 25,000 b/d of oil from two subsea wells connected to the FPSO Armada Perdana. Sweet crude learnt that the FPSO has a treatment capacity of 40,000

barrels day of liquids, with gas treatment and re-injection facilities, and is capable of storing up to one million barrels of crude oil per day.

The associated gas will be re-injected into the Oyo field reservoir by a third well, to prevent flaring and to maximize oil recovery. The Oyo project has achieved first oil production less than two years from sanctioning. Allied Energy and Eni hold 57.5% and 40% interests respectively, while Camac holds the remaining 2.5%.

IOC's concerns:

Meanwhile International Oil Companies (IOCs) operating in Nigeria have continued to express their reservations over some of the provisions of the PIB, especially issues of taxes and royalty payment.

Their contention among others is that the aggregate impact of multiple taxes, higher royalty rates

and loss of incentives under the PIB, as proposed, will have significant negative impact on gas and deep water projects.

They further noted that majority of gas and deep water projects will not be viable under the PIB, as proposed.

The multinational companies also noted that certain provisions of the bill will compromise the ability of International Joint Ventures to achieve self-financing; adding that the PIB provisions on relinquishment, renewal and revocation of existing oil block licenses could amount to 'expropriation' and erode investor confidence in Nigeria's respect for contracts.

These uncertainties have forced the multinational oil companies to adopt a "wait and see" attitude on new projects. Perhaps the recent relinquishment of some oil block by Shell, Total and Agip to some indigenous players further

underscores a growing predisposition towards this 'wait and see' attitude.

In a bid to allay these concerns earlier, Mr. Ajumogobia said government is committed to creating an enabling environment for investment in the upstream to thrive and has taken into considerations these areas of concern.

"Nigerian government is committed to creating an environment in the oil and gas industry that is competitive and attractive. The new PIB before the National Assembly is designed to do that. I am aware there are concerns with regards to the bill, but I assure you that government is committed to ensuring that we create an attractive and competitive environment in the oil and gas industry that will encourage development in the upstream both for foreign companies and Nigerian companies on their own and in partnership," he said.

He said despite the challenges, Nigeria remains a place with lots of opportunities in the oil and gas and called on potential foreign and local investors to use the opportunities that abound in the industry. ■



Nigerian content policy has changed the landscape significantly -Nwapa



● Mr. Ernest Nwapa, GM, NCD, NNPC

MR. Ernest Nwapa is the General Manager in charge of the Nigerian Content Division at the Nigerian National Petroleum Corporation (NNPC). In this interview with Hector Igbikiowubo, Editor, *Sweet crude*, he talks about the Nigerian Content bill awaiting passage into law as well as the corporation's efforts to domicile more work in the oil and gas industry. He also talks about fresh schemes to retrain Nigerian graduates and get them certified while assuring prospective investors that Nigeria remains open for business.

Excerpts:

Can you bring us up to date on where the country is at the moment regarding implementation of Nigerian Content in the oil and gas industry?

Thank you Hector. I want to thank you for giving me the opportunity to tell you a little bit about how far we have progressed with regard to implementation of the Nigerian Content Policy of the government. As you know, this policy was effectively introduced in 2005. In fact, the policy paper was submitted to the Federal Government in February 2005, exactly five years ago. And the whole idea was to drive the participation of Nigerians in the oil and gas industry, to begin to derive value from whatever activities going on in the oil and gas industry in Nigeria. In that

way, we can increase the employment from the industry and its support sectors. That way you also increase the existing capacity within the country and deriving from the transferability of skills in the industry- any skill that is developed in the industry can be used in any sector of the economy, be it agriculture, manufacturing, etc. So the policy took effect in 2005 and was driven by the NNPC which set up the Nigerian Content Division later in that year. Since then the landscape has changed significantly. The first phase of the Nigerian Content implementation strategy was to gather data, to gather information about the industry, to identify things that were of high impact and things that were quick wins, which Nigerians could immediately get into and begin to build capacity in the area. I will

give you the general overview before I come back and give you details. We have done that.

We have separated the policy into strategic steps and action points, things that transmit into benefits both for the industry, for NNPC and for Nigeria. That started with the issuance of 22 guidelines to the industry. These guidelines are called domiciliation guidelines and pretty much specify those things that have to be done in Nigeria because the Nigerian content policy is not designed to be an indigenisation policy. It is designed to domicile the activities. In other words, if you are not a Nigerian but you can send your investment into Nigeria, you are very welcome to work in Nigeria, because in that process you are bringing in capital, you are bringing in capacity and the point to note is that rather than just come here to take business and export it, we have encouraged global companies to come in and form partnerships with local companies in such a way that the local companies participate directly in the business and sometimes become part owners of the business. So, you are now

building permanent capacities. It is not a situation where people can bring in business on a temporary basis and after two or three years, they float it out and Nigeria goes back to square one. That is the essence of the policy. We have found increasing acceptance of the policy implementation. Just like every change, people tend to resist change when it is introduced. At the beginning, it was a big war, but this change we are talking about is through collaboration. With collaboration, the NNPC management built on its strength as the national oil company to pull in all the stakeholders from the oil companies themselves to service companies, other multinationals, to government agencies that had anything to do with oil and gas, and even some regulation because up till now, there is no law supporting the implementation of Nigerian content. So, we in NCD had to devise means of bringing some existing laws, some existing government positions to bear on the practitioners. It is in that way that we brought in the Cabotage Act, using the strength of NIMASA to implement it. We

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● Mr. Ernest Nwapa

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kind of co-opted the NIMASA group and we wrote it into our directives that you must comply with Cabotage. Another example is the Insurance Act, it is not an NNPC Act, but we took a deliberate step to say that going forward, every contract on insurance, we as NNPC, as a responsible national oil company, we must ensure that our business is carried out in accordance with the laws of the land. And that's what we have been doing while waiting for this Nigerian Content Development bill to be passed. In that regard, we have gone through the first phase which we call the diagnostic and foundation phase of the Nigerian Content implementation. Then, immediately we started getting traction in that area, the next problem arose, where is the capacity to do all of these things? Now you've identified the things you want to do in Nigeria to meet government's target, who is going to do it? Where is it going to be done? What quality levels do you have to do these things? That was a very major challenge and that challenge had to be confronted, again, using the model of collaboration. We have succeeded in doing a status report which identified all the

requirements from engineering to well and drilling, to logistics, skills, the area of insurance, banking and other support services in the oil and gas industry. For every segment of the industry, we have gone to Nigerian companies and yards, identified what they have and what they don't have. In other words, we know what the demand was and what the supply was and that gap, we had to sit down with people who know both locally and internationally to design initiatives to bridge the gap. These issues have been going on progressively and you know that you cannot really nail down these issues if you don't have work to back it up. And that is where again we had to start getting involved in the contract process. When NCD was not involved in the contracting process it was our strategy to indicate what should be done, to participate at a very superficial level. But we found out that that was not working very well so we had to use the coordinating procedure to put NCD squarely in the contracting process and by doing that we were able to get compliance to a certain level. In other words, it is not just enough to advertise to do Nigerian content stuff. We had to insist on the how, the where and the when that Nigerian content

had to be done. So, to a great extent, our involvement in the contracting process ensured that we followed the development of the Nigerian content scope and the implementation of that scope from the beginning and conceptual stage all the way to contract award to make sure that the scope of work that is committed for Nigerian content is actually committed at the point of contract award. And even during the implementation, we have tried to follow the implementation of the contract to make sure that everything that was agreed on under the Nigerian content scope was actually done in Nigeria. Essentially, we have been quite successful, even though I have to say that the feedback we get from the service companies is that yes they would want us to do more but it is absolutely clear that we have had some success. Maybe I am stringing my answers too long.

Can you address the delay in the passage of the Nigerian Content Development bill into law. In our preliminary discussions we established the bill had been passed but was awaiting assent. I am also aware that there are provisions for the National Assembly to take a vote and pass a bill into law after the president for whatever reason fails to assent to a bill. I would like to know if the Nigerian Content Development bill was sponsored by the NNPC and secondly, considering how dear the bill is to the effective operations of the NCD, is there any plans to lobby the National Assembly to get the bill passed into law anytime soon?

Again the issue of legislation regarding Nigerian content started even before the Nigerian Content division was created. As you know, Nigerian content has been a concept that has been discussed for decades. Since the Nigerian Content division was created, there has been all sorts of provisions in the JOA, Petroleum Act about trying to get indigenous activities in the oil and gas industry. But I believe that even the formation of the national oil and gas companies had something to do with that desire, the creation of NAPIMS was actually also related to this, so that the country derives the best benefits from its investments. So, the question of legislation has been in the works all along. But what I can say is that the NNPC using the Nigerian Content Division led an industry wide discussion to bring together all the stakeholders to bring up a bill that would be workable. Because there are three dimensions to getting this thing going -you need to have the legislation and that was established, because the question was raised do we really need legislation or should we just go ahead and do the policy? And after consultations it was established that we needed legislation to give it legal backing. The other dimension is domain knowledge. The whole

So, to a great extent, our involvement in the contracting process ensured that we followed the development of the Nigerian content scope and the implementation of that scope from the beginning and conceptual stage all the way to contract award to make sure that the scope of work that is committed for Nigerian content is actually committed at the point of contract award

laws that we have in this country, if you don't have knowledge of the industry, it could just be a law unto itself and I believe the third dimension is the executive capacity, now the question of executive capacity is there. The IOCs, the operators are quite capable of drilling oil and taking all the oil out with the service companies. Getting the legislation is a process of the National Assembly. To inject industry knowledge is the role that the NNPC plays to make sure that whatever comes out of that process is something that can be operated so that we don't end up like some of the other initiatives that have laws but still can't do some of the intendments of those legislations. I believe that we carried the operators along, we carried the foreign companies along and we carried the multinationals along. As it is, the bill has been passed by the House of Representatives and the Senate, they have harmonised the two versions of the bill and one of the newspapers, a few days ago interviewed Honourable Tam Brisibe and he pointed out how the legislature was interested in pushing that bill and I think everybody is unanimous in that desire both in the NNPC and in the National Assembly. But the process is still in the hands of the National Assembly. I believe that at some point, the National Assembly will make it available to the executive branch of government and that is now where we will expect further action.

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-Nwapa

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From the point of view of the NNPC and the NCD we have done a lot within our powers to push that process and to put in all that is required to advise the legislature that certain things will not work efficiently, certain things may be too high an expectation. We also helped in gauging the targets that are realistic because as you know, the bill is kind of supporting the activities that the NCD has been carrying out. That bill was designed to help NCD within NNPC to carry out the assignment, the mandate that the government has set for NNPC. The legislators agreed also entirely that the activities being carried out by NCD were positive and they were making impact but they faulted the fact that it was residing in the NNPC. So, they agreed basically with the structure, the strategy and the provisions, the guidelines that the NNPC was already implementing. However, they created another body to be in charge so that NNPC itself can be subject to the provisions of the Nigerian Content bill.

What has become of the \$350 million revolving loan scheme put in place to aid Nigerian companies in the pursuit of domiciliation of certain aspects of project development in-country? Secondly, you talked about implementation of the Cabotage but the feelers we get from the maritime industry is that foreign vessels are still largely in charge of lightering at the ports. Can we have your reaction to this?

Let me start from the Cabotage issue, like I said, the law is Cabotage which NIMASA was set up to drive. However, in the oil and gas business, a lot of it is done in the marine environment therefore we have a stake in how the business is done and it was the initiative of the NNPC to integrate activities in this regard with NIMASA. As I am speaking with you, the NNPC has a very close collaboration; in fact we have a working committee with NIMASA. It is through that collaboration that NIMASA has been able to register and identify the over 200 local vessels that are working in the oil and gas industry today. The Cabotage Act has four layers, it says you must build, you must own, you must

crew and you must flag Nigeria. We have required maintenance to be done in Nigeria. As I pointed out earlier, the executive capacity is a problem. The Cabotage Act also creates a waiver management system such that if a vessel does not meet all these four points, there can be a waiver so that business will continue. That is what we had when we got involved with NIMASA. What we are doing today is to help to identify those companies that have at least the crewing, registration and ownership. Building has started in Nigeria but that is building of very small vessels. So it is a major strategic decision to go into the point of building vessels and we are addressing that now. We are addressing it in such a way that the industry could make available its projected vessel demand so that we can bring investors in to start building vessels now because we know it can be done and we have seen movement in that direction in Port Harcourt where some smaller vessels are being built. In every tender that NCD looks at, we make sure that only where vessels that make the cut and items 1, 2 and 3 are not available that we admit another vessel. So NNPC has taken the lead and with our joint venture partners there is unanimity that we must comply with the Cabotage law. However, if we don't find vessels that are made in Nigeria, we have to get vessels to work in the industry. Where we don't find vessels that are owned by Nigerians, we want to put steps in place so that they can begin to use those programmes to own the vessels. In fact in the launching of a new tug boat that was bought by Stag Investment in Port Harcourt, for the first time we were told that a Nigerian is buying a newly built vessel because Total gave them a contract that can support that. So we are going to model after that. For Total to give a Nigerian a contract that gives them enough capacity to go out and get a bank loan and from a Nigerian bank, First Bank, to buy that vessel and bring it in here with a guaranteed job, is a model that we are looking at very closely. It is also not very easy to say that you can drive foreigners out of the industry. What we want to see is if you are a foreigner and you are doing certain things, like building a vessel in Nigeria and we look at



● Mr. Ernest Nwapa

The legislators agreed also entirely that the activities being carried out by NCD were positive and they were making impact but they faulted the fact that it was residing in the NNPC

the ownership of the company and the vessel and I think NIMASA put 50 per cent ownership that is Cabotage. Although people mistake some work that is done outside the coastal waters as Cabotage, no, Cabotage only pertains to work that is done within the coastal waters. So even up to rigs, we have recently made sure that jack-up rigs that work in Nigeria do not go outside Nigeria for maintenance and I am sure you heard about the TransOcean Adriatic XIII that was done in Niger Dock, that was because of the activities between NIMASA, NCD with the IOC and once that has been done, there is no excuse whatsoever for any jack-up rig to sail out of Nigeria on the excuse that it can't find capacity, it has been established that jack-up rigs can go to ship yards in Nigeria and get service. And for our NNPC business like Brass LNG, they are going to have to look around Nigeria and identify for us areas where they can do some of their shipping work. They can't do their tankers here but there are things they can do in Nigeria and that is the process we are working on right now and as we build all this synergy together, you will come to find that these stories of not having enough Nigerians playing in the market will begin to vanish.

The Nigerian Content Support Fund (NCSF) was designed as working capital and it was

designed when the banking sector was on full steam. What we have found is that Nigerian companies need more than this fund because this fund is supposed to be given to those companies that have a job and need working capital. Experience has shown us that while that is still necessary, the majority of Nigerian companies are looking for long term funds to buy vessels, to equip their yards, to equip their offices, more like equity type funds and we have reached out to some investors and some equity companies-global companies. If you listen on the Nigerian Content day and I think during other days of the ongoing NOG, you will hear one or two presentations about request for working capital. The fund is not a fund in the traditional sense of the word where you have some money sitting somewhere. The Fund is a design by the NNPC and the IOCs to put a guarantee in place such that if a bank gives that loan through this Fund it has confidence that it will be used to work. That is why you need to show your letter of award and the prior qualification for getting a loan from that Fund. To obtain any contract, you would have gone through a lot of due process stages and if you are going to the bank we are expected to be confident that those we are

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● Mr. Nwapa going through SweetCrude

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recommending are those that have established track record of performance and would not be a great risk. To reduce that risk, both the NNPC and the IOCs provided what we call non-cash guarantees and that was all set up, the SPE is in place, all the institutions that would run this Fund are in place. The burning issue is that the capital for that is dependent on the business, on contract award and the contracts haven't been coming that much in the past few years. So, when business picks up we believe that the Fund would have been properly structured with this equity side coming on board.

Despite your submissions on the successes recorded by the Nigerian Content initiative, we have submissions that the NCD has not been able to prevent the corporation as it were, from awarding contracts that could otherwise have been domiciled in Nigeria, that is, projects to foreign firms located outside the country. Besides that, we still have pressure vessels being imported into the country and that is despite well established capacity of local firms in this regard. Another major concern is that we have even had

companies come into Nigeria and offer to set up shop and the corporation had spurned such offers for one reason or the other.

That's the NNPC?

Yes. Would you like to speak to these concerns?

The NCD is not only looking at the IOCs, but we look at the entire business that the NNPC does and the business we do on behalf of government. You will find that a lot of the work we do within the NNPC for instance if you are looking at the upstream, it is around the NPDC and IDSL. A lot of that work is not only being done by Nigerians but by people within the locality. The NPDC, IDSL business and NGC for that matter, they do most of their work with people from the surrounding communities. But this GMD (Group Managing Director) in recognition of the importance of the NGC to our operations has approved that the NCD should be a member of the headquarters tenders committee. That is what the GMD has directed and right now, there is no tender that can be passed without passing the full test of the NCD. So there is no better demonstration of corporate commitment than that. So, there is a commitment by the NNPC to lead by example because we cannot afford to do differently. As

we even progress into the post-PIB (Petroleum Industry Bill), when NNPC becomes a commercial entity, when NNPC is now competing with the other IOCs, when the regulation duties of NNPC is stripped off its commercial activity, it becomes even more imperative that NNPC Limited as it would come to be is responsive to all the laws and all the policies and I believe that the management of the NNPC today is committed and this is reflected in the great degree of support for what we are doing in NCD today.

On the pressure vessel issue, I can tell you that it is one of the major success stories for the Nigerian Content because just three years ago, no IOC would have agreed to build any coded pressure vessel in a Nigerian yard because the capacity was not there. Now by working with the IOCs and the certifying agencies, we have been able to demonstrate to the local yard that if they put the capacity in place that pressure vessels would be placed in their yards. They have put this capacity in place and pressure vessels have been placed in their yards. Now you don't ramp up from zero to 100 per cent at once. So, in order not to put all our eggs in one basket, there have been negotiations about the spread. The first set of pressure vessels that

were done, maybe about 30 per cent of a certain contract went into a particular yard. The second set of pressure vessels saw us doing more than 70 per cent of the pressure vessels and I believe that having tested these yards and seen their performance to be satisfactory, the next train of pressure vessels we are going to be doing almost all because they have demonstrated that pressure vessels can be done here, stainless steel vessels can be done here and basic carbon steel pressure vessels can be done here. Any pressure vessel that is coming into Nigeria now would be part of that proportion that was allowed to be done outside, or things that have been bought before or ordered before the capacity was established. We have strong partnerships between original equipment manufacturers and their Nigerian counterparts. What you would see is that a lot of the companies are rightfully complaining about lack of work and this can be traced back to the slow down in projects that we have seen over the past few years but a lot of these companies have undergone audits both by NCD, by NIPEX, by NAPIMS and by the IOCs themselves. One of the greatest achievements is that the awareness in the industry today is that several things we thought were not doable in Nigeria are actually being done in Nigeria. Once the industry takes a hard look at a yard and certifies okay, the failure rate is next to nothing. The case of FCC, the pipe mill in Abuja is very clear, for FCC it was a major resistance for the IOCs to put one joint of pipe there but after satisfying that the facility had the capacity - they have made pipes for Exxon Mobil, both Shell and Agip are quite happy to put their pipes there. They make spiral welded pipes and NGC through the NNPC has also committed that in doing part of the Nigerian Gas Master plan, they are going to put everything that FCC can do provided the costs are competitive at least reasonably competitive. The philosophy is very clear, we are using the Nigerian Content policy to development capacity to do things in Nigeria and by doing that we are creating employment and by creating employment our people are also learning how to do these things and Nigerians are beginning to own more stakes in the companies that do business here. The big multinationals are being moved in the direction of making some of the assets they use in doing business here to become Nigerian entities and that is one of the requirements of the Nigerian Content Bill and we are not even waiting for the Nigerian Content Bill to become law to start sensitizing multinationals to these requirements. So, in every tender, it has become a requirement to demonstrate what assets multinationals actually own in Nigeria that relates to the business that they are doing in Nigeria.

Any pressure vessel that is coming into Nigeria now would be part of that proportion that was allowed to be done outside, or things that have been bought before or ordered before the capacity was established



Community development session excite passions at NOG

Jimitota ONOYUME

THE 2010 Nigeria oil and gas conference/exhibition which ended last week in Abuja threw up some key issues that would dominate debate on both the political and the oil and gas arena for some time to come. While discussions surrounding the pending Petroleum Industry Bill (PIB) elicited interested exchanges between the international Oil Companies and the Nigerian National Petroleum Corporation (NNPC), the community development session elicited so much passion from discussants, with some calling for dismemberment of the country.

The most exciting session of the whole event was a discourse on the Niger Delta region. Two out of the nine governors of the region were on ground. The session was chaired by a journalist from the British Broadcasting Corporation and an author, John Simpson. The panelists were governor Chibuike Rotimi Amaechi of Rivers state, governor Timipre Sylva of Bayelsa state, Donu Kogbara, Philip Chukwu, Ledum Mitee, Anita Omoile and Tony Attah. Donu was the first to speak. She called for a situation where the region would exercise more control over the oil resource. She said the region was disposed to sharing the oil with other zones of the country but it should be allowed to exercise control over the oil. Anything short of this; the region would not hesitate to secede.

Donu later made herself clearer after reactions from some of the panelists to her position on cessation. She said she was not against the region sharing the oil resource with other zones of the country but she was against domination of these zones "who have no more right".

In his comment, Bar Ledum Mitee who is president of the Movement for the Survival of Ogoni People (MOSOP) said he shared the sentiments expressed by Donu. Nevertheless, he pleaded with the government to take steps that will steer the country away from the path of violence. "If I say we are close to being another Somalia unless we take steps to avert it, I will not be an alarmist. We should design programmes to carry the people along". He urged government to make the people be part of the process of driving its post amnesty programme in the region. "We want to see a programme that is driven by the people".

Philip Chukwu, Group Executive Director Exploration and

Production, NNPC, said oil firms actually made mistakes in the past in the way it went about its operations in the Niger Delta region. He said the industries failed to understand the people. They merely professionalized their operations by restricting hands to only Geologists, engineers etc. They never saw need for Sociologist that would come up with issues like knowing the people of the area. He said the amnesty which has brought peace to the region should be seen as a milestone in the history of the region. "Within three months the oil industry recorded about twenty five percent rise in production"

He said the oil industry had come with an arrangement that would work within the post amnesty

programme. The committee would address challenges of youths in the region with a view to raising credible leaders from the area for the country.

On his part, governor Timipre Sylva said actually the oil companies when they resumed operation in the region they did not take the feelings and needs of the people into consideration. He was happy with the peace the amnesty has brought to the area. Adding, he said the federal government should regionalize the post amnesty programme so that state governments in the region could play active roles.

He also called for governments, oil companies and other stakeholders to harmonize their development programmes for the region. This

will avert the problem of unnecessary duplication of effort on the same issue, he said

Sylva said the oil industries should be seen to be doing more for the region. But they should not do this under a common umbrella because such arrangement would weaken their commitment to the development programme.

Tony Attah, Manager Social Performance and Community Affairs of the SPDC, said a tripartite arrangement that would involve government, multinationals etc to develop the area was not a bad idea but the government should create the atmosphere to enhance production in the region. He also charged governments in the region to lead the way for others to follow

Anita Omoile, Principal, Deep Blue Energy Services, toed a similar line. According to her, the problem in the region at the moment had to do with inability to cost risk. "You can't speculate risk" Governor Chibuike Rotimi Amaechi took her quickly on this. For Amaechi, it is not only in the region that the business climate is unpredictable. Amaechi also disagreed with call by Donu that the region should pull out of the

federation if it is not allowed to exercise control over its resources. "I agree to fiscal federalism but we must allow the country survives. We don't say we must keep the oil to ourselves. I always call for wholesomeness on all issues". He said governments should deal with security challenges and also address the problem of poverty which he said was largely responsible for tension and conflicts witnessed in the region.

To deal with these problems according to the governor, you have to deal with the oil economy. "The oil companies are taking the oil economy to Lagos. There is no state in the country where there is no crime. You have oil and gas football in Lagos. When you continue like this you are impoverishing the people", Amaechi said.

Amaechi also called for creation of empowerment opportunities for people of the region as a way to making the amnesty succeed. He said it should not just be all about provision of infrastructural development for the region. The poverty nature of the people should also be taken into consideration if the amnesty is to succeed, he argued.

Responses for "NNPC charts Nigeria's oil industry direction"

1. *bemcee* says:

[February 2, 2010 at 8:58 pm](#)

Wherever there is scarcity there is bound to be a black market. Find the cause of the scarcity and you can be rest assured that the black market will disappear. I don't see any black market for water in Nigeria. Go figure.

2. *Ned* says:

[February 2, 2010 at 6:17 pm](#)

I think NNPC's GMD, Dr. Barkindo and his men are doing a good job, but from my perspective, they still do not get what the problem really is with the downstream for an enduring and sustainable flow of petroleum products which must be fixed if Nigeria is to achieve its goals.

3. *amu ogbonna* says:

[February 2, 2010 at 7:12 am](#)

carry go my brother. the oil industry and the nation will be better with PIB in place. let us all support it. NNPC is striving for excellence and is ready to deliver

the Oil and gas industry to the promised land with the leadership it has now. the sky is the limit.

Barkindo is doing a great job with all the GEDs. Carry on my brother. we are behind you.

4. *Sunday Madu, TX* says:

[February 1, 2010 at 9:51 pm](#)

While all the TALK-SHOP by Barkindo is all fanciful in print, what is NNPC doing to build new refineries in Nigeria ????????

While it's Indian counterpart is willing to come to Nigeria and build a new refinery. Is NNPC blind or simply incompetent to build a new refinery. The Indian owed state oil company will soon begin construction; what is NNPC doing to build new refineries? Its like giving half your house to your friend to fix your leaky roof while you sit in the rain under a umbrella. I also dare to say that the rot and corruption at NNPC so perverse that no one in management wants Nigeria to be self sufficient. Mr Barkindo prove me wrong. This is

what I think is the deliberate policy of NNPC. A few cabal are turning into billionaires daily while the nation groans under the strain of poverty and underdevelopment. We built new power plants but no gas to fuel them. All the cry for deregulation is not for new refineries but importation of more fuel and more subsidy. A clamp on banks to forestall financing of fuel importation is welcome. What Nigeria needs is six new

refineries in each geopolitical zone. Forget the pocket lining of politicians and importers of fuel most of whom careless about Nigeria or the hardship caused by fuel shortages. Forget about rehab of old refineries; Mr. BARKINDO, why is India able to build a new refinery in Nigerian to process Nigerian oil to sell to Nigeria, and repatriate its profits to India, BUT NNPC is incapable of building one ?

Response for "Shell sells Nigeria assets to local companies"

1. *olajide ijiwola* says:

[February 1, 2010 at 7:44 pm](#)

Does it mean you are being lazy or you do not have in your archives photograph of oil rigs and wells that dot Nigeria's oil producing areas other than the attached photograph that has no relevance to the headline and the

entities mentioned. the world is a global village and anybody in any part of the world could have access to your site and make a conclusion of lack of seriousness



THE NIGERIAN CONTENT REVIEW





The Nigerian Content Review



Outline

- Objective of presentation
 - Apprise Management on Current Status
 - Prepare NNPC for impacts of new legislation
 - Demonstrate NC as biz imperative for NNPC Long term survival
- NCD Structure and Achievement
 - Pre NCD
 - Current
 - Achievements & Benefits new capacity; lower costs; increased biz;
 - Unfinished biz
- New Legislation and Proposed Structures
 - PIB principles/ Structures
- Risks and Opportunities to NNPC Future Business
 - Compliance risks
 - Performance risks
 - Competitive
 - Growth opportunities/cost efficiency
 - Capacity utilization
 - National impact
 - Technology
- Proposed Mitigations and Implementation Strategy
- NC Development Bill Principles/Clauses/ Targets/structures
- Expected Roles/Interface scenarios

Global Phenomenon



Quotes

"We have to create conditions to enable more Angolan citizens to play a part in the economy. There will not be a consolidated society in Angola if the minority can't take part in it. We have until now been leaning towards foreign domination. It's necessary that little by little this trend be reversed".
- Manuel Vincente, CEO of Sonangol

We in NNPC fully embrace our responsibility as the National Oil Company and will continue to lead this important effort to promote indigenous participation through our operations and those of our JV partners and contractors because it is the right thing to do both from business and compliance perspectives.
- Mohammed Barkindo, GMD NNPC

"...There have been attempts to persuade us that the simplest and easiest thing to do would be to sit back, export our oil, export our gas, and just receive revenues and lead a life of luxury – at least for some limited period. We have taken the more difficult road of entering the world of steel, aluminium, methanol, fertilizer and petrochemicals, in spite of our smallness and in spite of our existing level of technology."
- Eric E Williams, T&T's first Prime Minister in 1977

"The Nigerian content plan includes obligations for the investors to purchase local goods and services. Procurement guidelines to assist local firms. Training and education, research and development Regular reporting and verification"
- Rilwanu Lukman, Honorable Minister of Petroleum Resources

Current Status

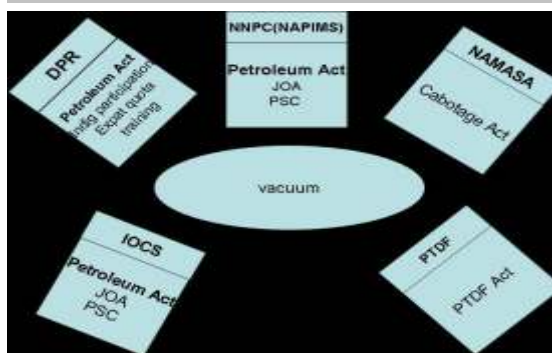
Prefer to deal with their supply chain



- IOCs have developed service companies over a period and award major contracts and Project Management to specialist companies like Worley Parsons, Aker Solution, Amex, Bechtel, Brown & Root, Foster Wheeler, Halliburton, Keppel, Schlumberger
- They are selected for their technical capability, competitive prices, track record and good schedule
- Their reputation and financial strength will guarantee a sound product or service.
- Oil companies are reluctant to break these supplier relationships in order to source locally
- The increasing project complexity is also making it difficult to break into the closely knit international supply chains

Pre NCD Era

Local Content From the 70s into the new Millennium

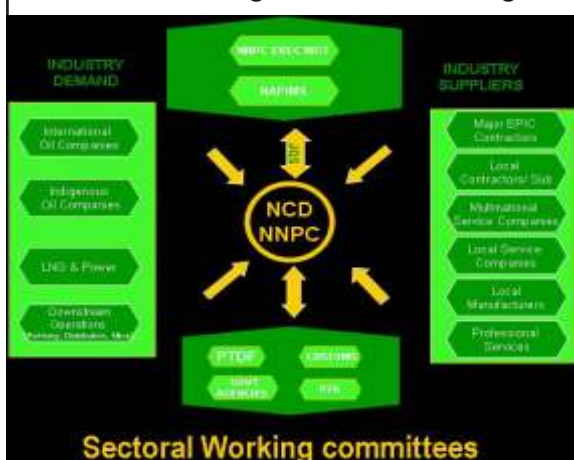


Absence of biz focus
Compliance driven regulation
Revenue from fees and tariffs
No capacity to meet aspirations
Waivers became order
Absence of coordinating mechanism

- NNPC stepped in to fill the vacuum at the core of Industry operations
- Injected Active O&G Biz Knowledge into Policy implementation
- Defined expectations and implementation framework

Nigerian Content Implementation Model

A Deliberate Organizational & Legal Framework



- Established NC Division for Policy Development, implementation & Monitoring
- Promoted the establishment of similar departments in all IOCs for coordination
- Promoted industry collaboration in NCCF with 8 sectoral committees Coordination of industry input to NC Bill



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Nigerian Content Implementation Model Guiding Principles

- In-country Value Addition using Domiciliation approach & Not Indigenization
- Mainstreamed Implementation. – Driver involved in Contracting process
- Local capacity to be built on the back of ongoing projects and operations by promoting participation of indigenes.
- Quality and Safety will not be compromised.
- Attraction of foreign investment for new infrastructure, technology and upgrade of existing facilities
- Local subsidiaries of International companies to demonstrate in-country assets. No room for shell companies /commission agents.
- There must be linkages to other sectors of the economy
- Impacts must be measurable in terms of employment, training, infrastructure, well being of host communities etc, and not seen as a percentage only.

Nigerian Content Implementation Model 23-Point Domiciliation Guidelines

Sector		Coverage of NC Policy Guidelines		Date
COVERAGE OF DIRECTIVES	FULL DOMICILIATION OF	Domiciliation of all FEED [Front End Engineering Design] in Nigeria	100%	13-Oct-06
		Domiciliation of all seismic and data related activities	100%	13-Oct-06
		Project Management Teams and Procurement Centers for all Projects to be located in Nigeria	100%	13-Oct-06
		Coating of pipes and threading of tubular are to be carried out in Nigeria.	100%	13-Oct-06
		All PMC to be carried out in-country by Nigerians with their partners.	100%	10-May-06
		Domiciliation of all NDT and Mechanical Tests/Certification	100%	13-Oct-06
	CONSIGNMENT TO NIGERIAN COMPANIES	Consignment of some onshore and swamp jobs to Nigerian indigenous companies and their partners	100%	13-Oct-06
		All mud logging contracts to be carried out by Nigerian contractors.	100%	10-May-06
		Maintenance of offshore production units by Nigerian companies.	High	13-Oct-06
	FABRICATION (PARTIAL DOMICILIATION)	Fabrication up to 10,000 tons are to be carried out in Nigeria.	100%	13-Oct-06
		Domiciliation of some fabrication, flow lines and risers; assembling/testing of subsea valves	100%	13-Oct-06
		FPSO topside modules fabrication and partial integration in country	100%	13-Oct-06
	PATRONAGE OF LOCAL GOODS AND SERVICES	All Federal Government and agencies (including NNPC) to patronize 'Made in Nigeria' goods and products where available	High	5-Apr-06
		All low voltage Earthing cables of 450/750 V grade, and Control, Power, Lighting Cables of 600/1000 V grade, to be purchased locally	100%	13-Oct-06
		All Line-pipes, sacrificial anodes, electrical switchgear, paints, ropes, pigs, heat exchangers and any other locally manufactured materials and equipment must be sourced locally	100%	13-Oct-06
		Barytes, Bentonite and silica powder to be sourced from local sources	100%	13-Oct-06

Nigerian Content Implementation Model 23-Point Domiciliation Guidelines

Procurement from Nigerian Manufacturers			
COINTEGRATION	Standardization		
	Harmonization of international industry codes and standards to support utilization of locally manufactured products such as paints, cables, steel pipes, rods, sections, ropes, etc.	High	13-Oct-06
FORECASTING	Forecasting		
	Operators and Value Drivers to provide their annual Procurement Forecast and Plan to NCD on or before 31 st January of every year	100%	13-Oct-06
LAWS	Legal and Regulatory Issues		
	All projects to comply with provisions in the Insurance Act 2003 ascertained by NAIACOM	High	13-Oct-06
	Local underwriting capacity must be fully utilized to maximize Nigerian content before ceding risk offshore.		
	Henceforth, all projects and operators in the Oil and Gas Industry must demonstrate strict compliance with provisions of the Cabotage Law, 2003	100%	13-Oct-06
	Training and Skills transfer		
	Provisions to be made in all contracts for training manhours at tender stage.		13 Oct 06

We have relied on existing Laws and Regulations to enforce Local content

Nigerian Content Implementation Model Highlights of the NC Bill

- Provides legal backing for the NC guidelines in operation since 2005
- Recognized by PIB provisions
- Establishes a new body NCMB outside NNPC to monitor implementation of the provisions of the ACT
- Sets out specific targets for NC scope in all activities under schedule A of the ACT
- Establishes the NCCF formally as a key plank in the implementation framework
- Changes to the Schedule to be effected through NASS
- Minister to make regulations
- Fines for non-compliance

Nigerian Content Implementation Model -Lessons Capacity Limitations are being identified and addressed

Human Resources	Facilities & Infrastructure	Materials & Manufacturing	Institutions & Systems
Engineers , ICT, Project Mgt	Deep Sea Port	Steel pipe, sheets, sections	PTI
Welders, Fitters, QA/QC & HSE	Galvanizing plant	Primary steel industry	NC Support Fund
Geosciences,	Local yard Upgrade	Exchangers, valves, vessels	Nig Inst of Welding
R&D, E&I tech	New Fabricators	Cement, cables,paints, ropes	Update university &
Crewmen, Divers	Industry support clusters	Gaskets, anode	Polytech Curricula
		Drilling fluids, bits	National supplier Dev

4 focus areas were identified and are being addressed

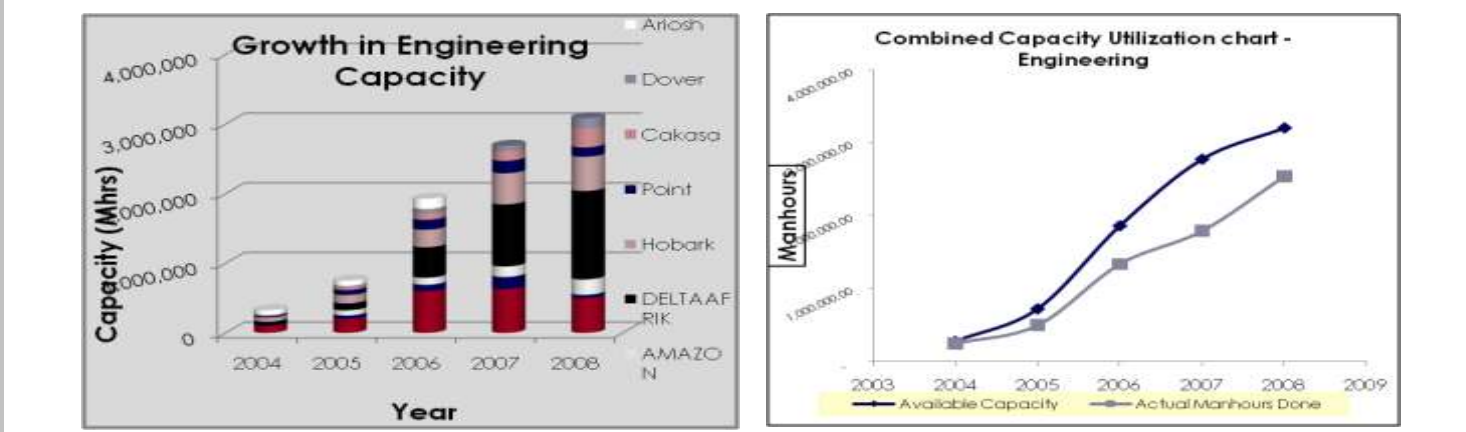
Joint Qualification System (JQS) established to prequalify, categorize & track indigenous companies & competencies



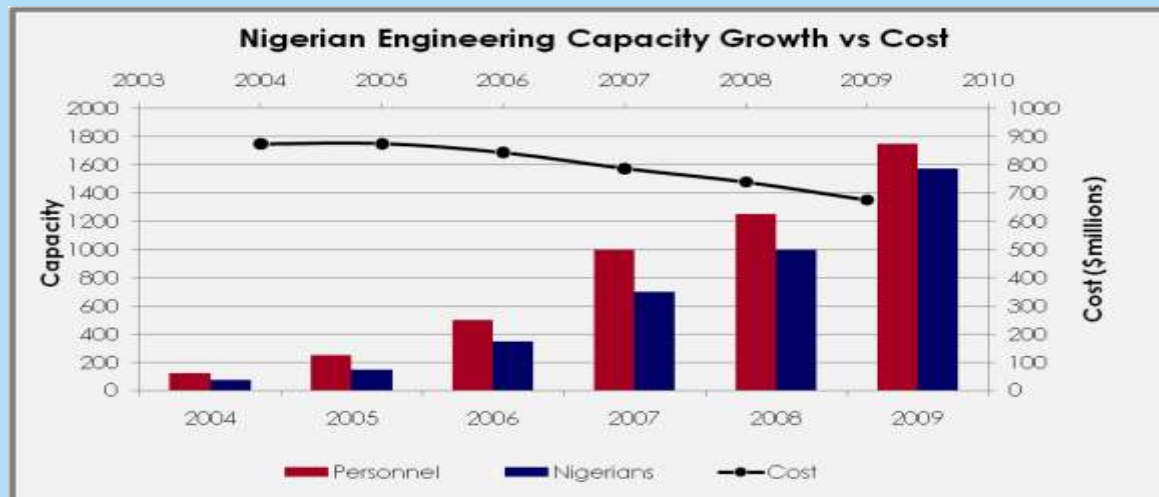
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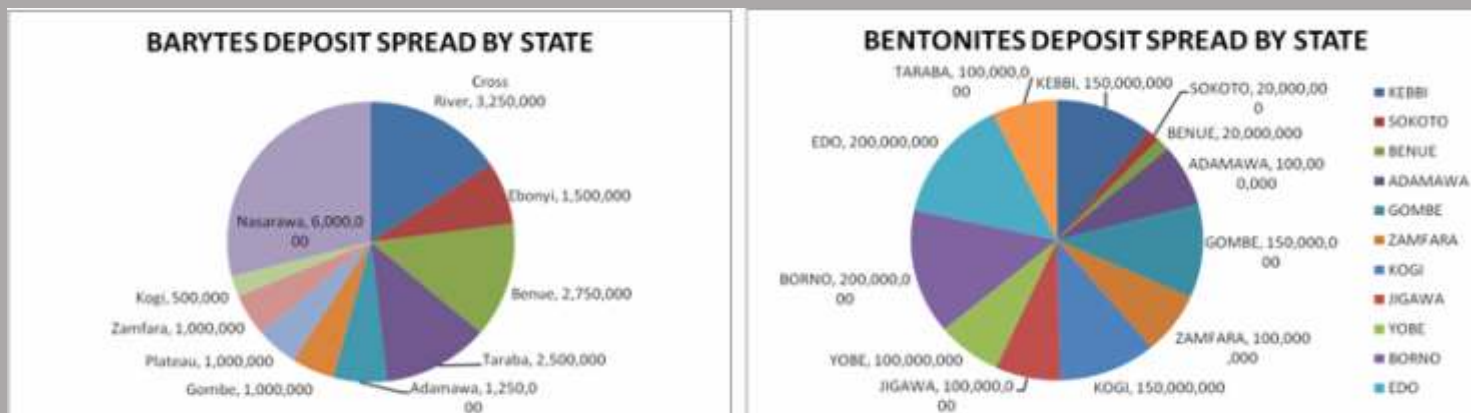
Nigerian Content Achievements Engineering Capacity Growth & utilization



Nigerian Content Achievements Reduced Overall Cost due to Growth in Local Engineering Capacity



Nigerian Content Achievements Barytes and Bentonite Production



Nigerian Content Achievements Manufacturing of Protective Paints





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Nigerian Content Achievements New Galvanizing Plants (Westcom & Dormanlong)



Nigerian Content Achievements New Galvanizing Plants (Westcom & Dormanlong)



Nigerian Content Achievements OCTG Threading Facilities In (Onne Titan)



Many new plants, Existing facilities have been transformed from stacking yards to OCTG threading. Every week we are inundated with requests to attend commissioning events. VAM is commissioning in Onne 8th December.

Nigerian Content Achievements Drydocking in Nigerdock



Nigerian Content Achievements Marine vessel Building commenced in ONNE Free zone



NCD is leading industry to engage West Atlantic shipyard and Bourbon to build bigger vessels



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Nigerian Content Achievements Graving Dock & Crane At The Naval Dockyard



Building awareness in industry about existing facilities to support Cabotage and Nigerian Content aspirations

Nigerian Content Achievements Drydocking at Starz Shipping (Onne)



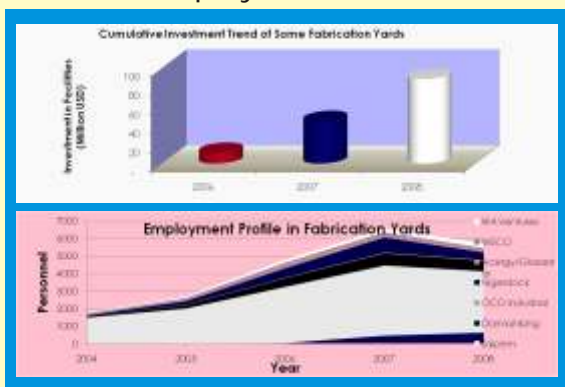
Nigerian Content Achievements Fabrication of Platforms and Offshore Structures



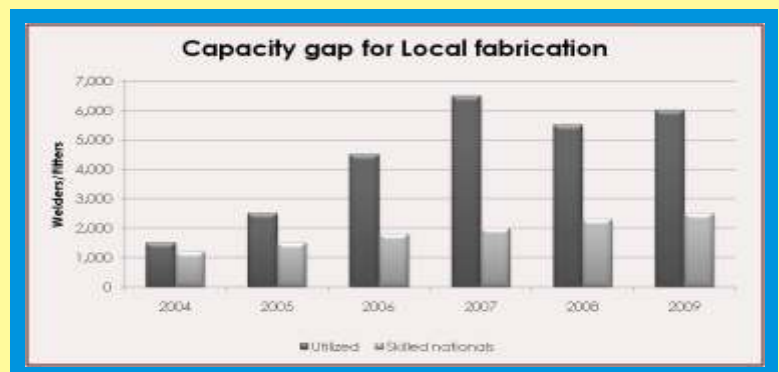
Nigerian Content Achievements Line Pipe Production at SCC & Arcelor Mittal & Energy Pipes



Nigerian Content Achievements Investment And Employment Trends In Fabrication Yards



Nigerian Content Achievements Welders/fitters utilized for incountry Fabrication



Nigerian Content Achievements Pressure Vessel Fabrication (Dormanlong)





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Nigerian Content Achievements Old And New Workshops At Saipem



Old workshop



New Jumbo workshop

Nigerian Content Achievements Assembly and maintenance of subsea components



Investment in local yards for subsea Component fabrication & equipment assy. Cameron , FMC & Vetco Grey in Onne

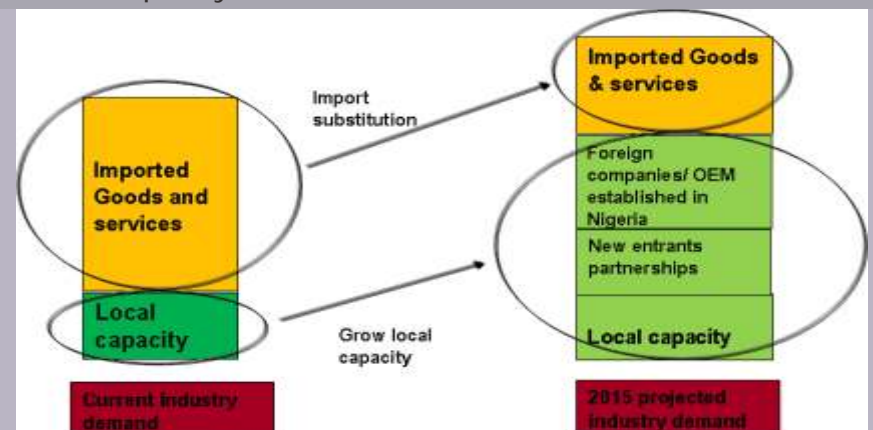
Nigerian Content Achievements Oil & Gas Training



Nigerian Content Achievements Status of human capital & institutional Development

- Over 1600 Engineers trained in design software tools & released to the industry through collaborative effort with PTDF
- Welding institute positioned to certify all trained welders and welding companies in the country.
- Training of an initial set of 100 welders out of planned 3000 commenced through a collaborative program with the Nigerian Institute of Welding (NIW), PTDF and SPDC
- Working with the Nigerian Maritime Administration and Safety Agency (NIMASA) to develop a program for effecting the Cabotage law in the oil and gas industry.
- Incorporated training of new hands as part of contract performance for vessel owners pending upgrading the Maritime Academy at Oron to certify Sea farers.
- Training institutes being established in-country to handle all Basic Offshore Safety Induction and Emergency Training (BOSIET) in response to NCD campaign

Nigerian Content Strategy Grow capacity in critical areas



Substantial growth impact evident. New focus is to scale up to critical mass which will drive cost effectiveness and competitiveness of local production

Nigerian Content Achievements Linkages with other sectors

■ Steel Development

- Partnership with Ministry of Steel for revamp of steel industry
- Promotion of heavy investments in Line pipe manufacturing

■ Shipping

- Collaboration with NIMASA for effective implementation of cabotage in industry
- Increasing number of Nigerian companies owning ships and marine vessels

■ Insurance

- Collaboration with NAICOM to develop capacity utilisation in O&G risk placements in Nigerian Insurance companies

■ Banking

- Collaboration between Industry and Nigerian Banks to establish \$350m fund with single digit interest for Working capital

■ Manufacturing

- Collaboration with MAN for the utilisation of locally manufactured Paints , Cables, Anodes and other foundry products
- Heavy investments in Pressure vessel fabrication in Nigeria
- Promotion of partnerships for OEM to manufacture heat exchangers, valves, etc in Nigeria

■ Education & Training

- Collaboration between NNPC and PTDF for critically needed Oil & Gas Skills

■ Free Trade Zones

- Collaboration with NEPZA, OGFZA and Commerce ministry to optimize Oil and Gas investments in Clusters using the investment incentives.

■ ICT

- Encouraging the Local service providers to provide software solutions



The Nigerian Content Review



New Legislation and Proposed Structures

NC Development Bill

- Key achievement is in organising the NC Bill review and industry position
- Over 80% of our proposals are carried
- Major departure related to removing regulatory function from NNPC

Nigerian Content Implementation Model

Highlights of the NC Bill

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- Fines for non-compliance

Risks and Opportunities to NNPC

NNPC Medium Term Aspirations (2009 -2014)

- FRONTIER EXPLORATION
- NPDC
- GAS & POWER (NGMP)
- NGC
- LNG
- IJVs
- CRUDE OIL TRANSPORTATION
- PPMC
- REFINERIES
- R&D

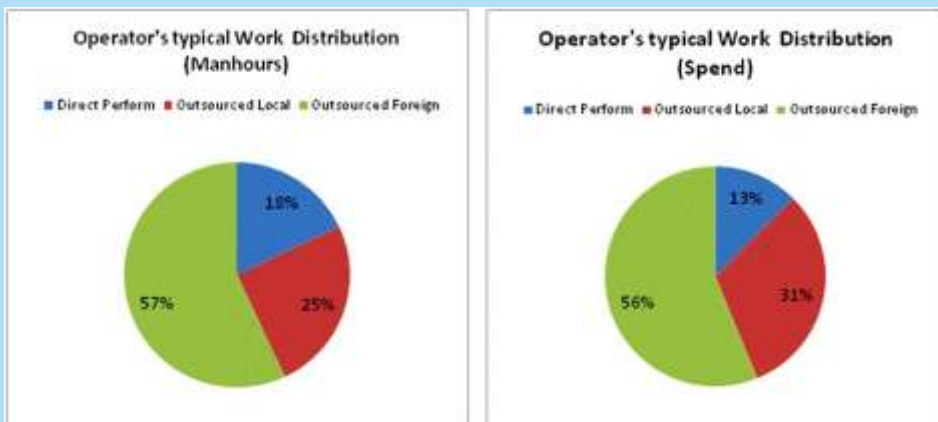
Risks and Opportunities to NNPC

NNPC Medium Term Aspirations (2009 -2014)

- How do we prepare our SBUs for mitigate the high risk of non-compliance
- How do we leverage the policy to create critical infrastructure needed to support our operations over the long term and guarantee positive impact on our bottom line
- How do we hold our biz interests together to get critical mass that will justify these investments. NNPC sole biz cannot drive these investments

Nigerian Content Opportunities

Typical Oil & Gas Industry Work Distribution



Oil & Gas industry activities generate massive employment but operators only employ a fraction of this number. Currently foreign service companies do the bulk.

70s TO 80s	CURRENT
Geology & Geophysics	Geology & Geophysics
Prospect Generation	Prospect Generation
Exploration	Exploration
Drilling	Drilling
Engineering Design	Engineering Design
Development	Development
Operation & Maintenance	Operation & Maintenance
Specialist Maintenance	Specialist Maintenance
Well Services	Well Services
Technology integration	Technology integration
Research & Development	Research & Development

● Oil Company/ Operator ● Service company / Supplier



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Proposed Mitigations and Implementation Strategy

PETROBRAS Example (Culled from internet bulletin)

- Petrobras to build up to 28 new drilling rigs between 2013 and 2018 in BRAZIL.
- The Executive Board of Petrobras has given the go-ahead to hire the rigs as part of the company's previously announced strategy to develop the ultra deepwater subsalt areas
- Seven will be constructed in a single shipyard to allow the winning bidder achieve the economies of scale to make the required investments for constructing the needed infrastructure and afford Petrobras greater economic and operating benefits.
- Petrobras will simultaneously conduct a process among all rig operators in which Petrobras would charter up to four units per operator who would be responsible for constructing the rigs in Brazilian shipyards.
- The volume of orders will enable new, modern shipyards in Brazil in support of a new Brazilian naval industry that can compete with the best international shipyards in the offshore industry segment.
- Due to the characteristics of these drilling rigs, building them in Brazil will also promote a major expansion of the related industries in goods and services that supply the shipyards' productive chain

Proposed Mitigations and Implementation Strategy

Who can contribute to local content?

- International oil companies
- National oil companies
- Indigenous oil companies



- International contractors and engineering companies
- Suppliers and service companies

- Foreign investors setting up shop
- Joint ventures between foreign and local firms
- Develop locally owned companies

Proposed Mitigations and Implementation Strategy

Lessons learned

- Need a high level champion
- Think strategically, act practically
- Be selective, based on strategic value
- Identify capabilities and gaps
- No option for IOCs and service companies
- "Do it in Country" first
- "Do it with locals" will come next
- Engage early in the life cycle
- Disaggregate contracts
- Measure outcome
- Do not try to pick winners and subsidize them for ever



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Proposed Mitigations and Implementation Strategy

More local content from oil companies



USAN Project: Highest NC in an FPSO Project:

- 180,000 mhrs of DE
- 15 Pressure Vessels
- 7,500 tons FPSO Components fabrication
- 90,000 mhrs of Engrg and Construction Training
- Partial Offshore Integration of 3,500 tons Elements fabricated in Nigeria

- The IOCs are all more engaged in national content than ever before
- Clearer strategies for achieving the objectives
- More efforts to involve Nigerian based firms
- They insist that contractors have to come up with a plan for involvement of national suppliers
- Facilitating and encouraging foreign companies to establish businesses and local affiliates in Nigeria
- Entrepreneur development courses for contractors from all over Nigeria
- National content is seen as required to "secure the license to operate"

Nigerian Content Opportunities

Human Capital Development Interventions

NEEDS ASSESSMENT BASED ON INDUSTRY PLANS FOR 2006 TO 2011

NNPC/PTDF COLLABORATIONS

- JOB CREATION INITIATIVE
- EDTP
- WTDP
- GEOSCIENCES

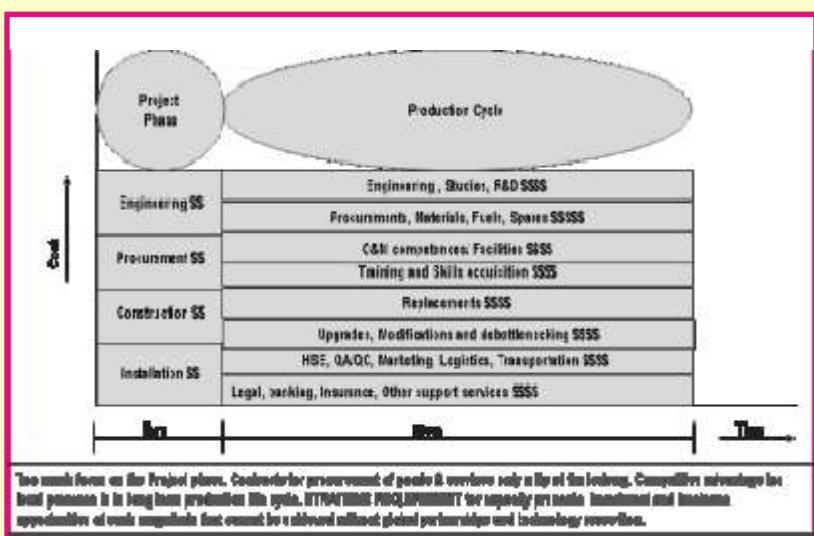
KEY ELEMENTS OF THE MODEL

- TARGETS ENTRY LEVEL COMPETENCIES
- USE ONGOING PROJECTS AND OPERATIONS
- TRANSFERABILITY OF SKILLS FOR OTHER SECTORS OF ECONOMY
- CERTIFICATION IS IMPORTANT
- DATABASE TO TRACK TRAINEES PROGRESS THROUGH TO EMPLOYMENT



The approach is to mobilize thousands of graduates and vocationals, offer them short term entry skills and certification, attach them to industry projects for practical OJT and migrate them into employment. Longer term efforts to build up PTI and modify university curriculum .

Re-evaluating our strategy



Proposed Mitigations and Implementation Strategy

The Giant Challenges

Challenges

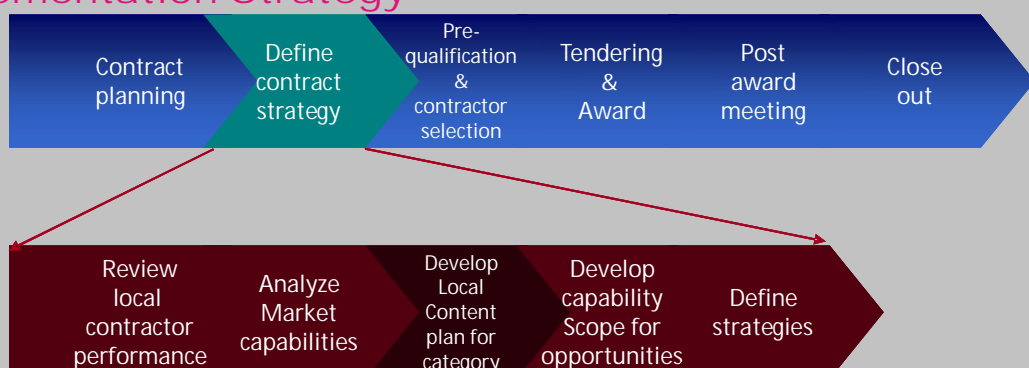
- Equipments
- Human Resources
- Cost Inflation

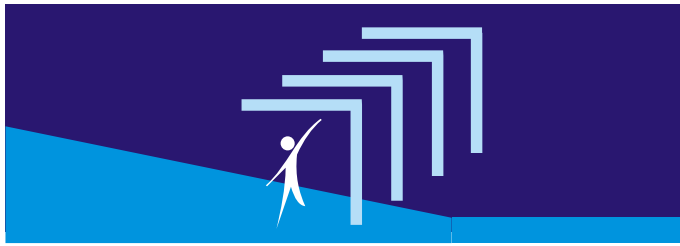
NNPC Strategy

- Aggressive bidding program for rigs, support vessels and anchor handlers, mainly new built units
- Long-term contract with service providers
- Supporting the expansion of the suppliers installed capacity
- Support building of new ship yards, new fabrication facilities
- Training programs for its own employees and for the supply chain workforce

Proposed Mitigations and Implementation Strategy

Local content must be part of grass roots





Custodian & Allied Insurance, 39 others on \$40.59bn 2010 NNPC-CIP

...As co-insurers commend coordination of lead underwriter

Patience SAGHANA

Custodian and Allied Insurance Plc is leading 39 other insurance companies on the 2010/2011 Nigerian National Petroleum Corporation-Consolidated Insurance Policy (NNPC-CIP) just as co-insurers on the accounts are commending the lead insurer over the way and manner it has coordinated the accounts.

Custodian and Allied Insurance is for the first time leading the NNPC-CIP account with a whopping \$40,597,934,179.00 whilst it ceded 33.50 percent amounting to \$17,294,887.23 to co-insurer and re-insurers. Apart from the way the lead underwriter synchronized the accounts, the NNPC-CIP for 2010/2011's percentage for local underwriters was upped from 19.5 percent last year to 33.50 percent in the current insurance year. In spite of the fact that there is a reduction in the premium income for 2010/2011 to \$40,597,934,179.00 from US\$42,425,916.80 premium income paid by the corporation the previous year, the 39 coinsurers in the account are rejoicing over the prompt payment of their proportions by the lead insurer.

Vanguard investigations revealed that Custodian and Allied Insurance Plc invited all parties involved in the accounts to a meeting three weeks back where the Managing Director, Mr Wole Oshin personally handed over cheques according to individual insurers' proportions of the account to them against the usual practice of premium payment delay and other bureaucracy that encumbered such big account.

One of the coinsurers who spoke to Vanguard anonymity said coinsurers of the NNPC-CIP account had never had it so good and so smooth in terms of coordination and prompt payment.

Besides, Leadway Assurance Company's proportion of the

accounts is the largest among the 39 insurance companies with 4.125 percent and a net premium of \$2.076million followed by Lasaco Assurance with 1.350 percent and a net premium of \$679,534.19 whilst Aiico Insurance, Guaranty Trust Insurance, International Energy Insurance, Goldlink Insurance, Unity Kapital Insurance, Sovereign Trust Insurance, Royal Exchange assurance General Insurance and Guinea Insurance have 1.000 proportion a piece and 29 other insurance companies' proportion in the accounts range from 0.750 to 0.150 percent.

However, the overall proportion to local co-insurers and two reinsurers in the account, Africa reinsurance Corporation and Continental Reinsurance Plc, is 33.500 percent; sum insured to local coinsurers is \$13, 600, 307,949.97 and net premium \$16,862,515.05.

The federal government broke the monopoly of the accounts being managed for a long time by one insurance company. The accounts had in the last few years moved from Nikon Insurance Corporation which managed the account for so many years to Industrial and General Insurance that took it over for about four years and to Leadway Assurance which ran the account for three years before Custodian and Allied



● Wole Oshin

Insurance.

Mr Odunayo Bammeke, General Manager, in charge of Insurance of the Corporation had said that out of the available risk in the oil and gas sector, with a corresponding premium income of \$224 million, Nigerian underwriters had been able to retain about 33 per cent; about N33 billion of the total risks exposures.

However, the amount is at the exclusion of other risks in the Nigerian National Petroleum Corporation which currently stand at \$32 billion. The Nigerian underwriters had been able to absorb 42.5 per cent as at 2007 and 52.5 per cent as the end of the 2008 financial year and 48 percent in 2009.

According to him, after two years of pursuing the Nigerian Content Policy objectives, the

content level has grown from below 10 per cent to approximately 40 per cent in the first quarter of 2009. "There has been significant growth in opportunity and corresponding advances in indigenous capacity, arising from guidelines issued to the industry on the specific work scope to be performed in Nigeria and this cuts across all sectors of the industry."

Most of Italy's oil spill to be retrieved by Friday: official

Rescue workers will be able to recover a large chunk of a giant, deadly oil spill moving down Italy's largest river by late Friday, the country's civil protection agency said.

"I think that over the next 24 hours the biggest part of this oil spill will be retrieved," agency head Guido Bertolaso said Thursday, after meeting with local officials in northern town of Piacenza, situated on confluence of the Po river and Lambro tributary where the slick originated.

"We should be able to retrieve the slick...before it arrives at Po's delta," classified as a world heritage site by UNESCO, Bertolaso added.

His remarks suggested a turnaround in efforts to contain the vast oil spill, triggered by an act of sabotage Tuesday near Milan.

Environment Minister Stefania Prestigiacomo called the spill, which has threatened wildlife, fishing grounds and tourist spots, "a

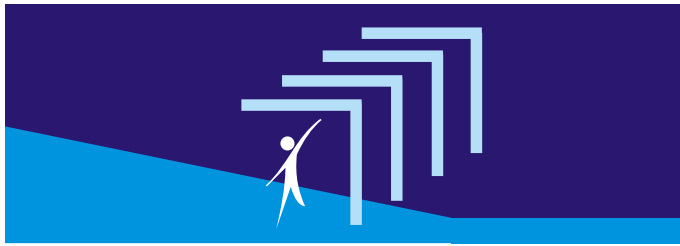
true attack on the environment and on citizens' health," the ANSA news agency reported.

Several kilometers (miles) long, the slick was halfway between the cities of Cremona and Mantua late Thursday, having covered about 200 kilometres (125 miles) since it was released into the Lambro, a tributary of the Po, two days before.

Authorities had been trying to contain the flow by erecting barriers to absorb the oil, but -- until now -- with little success.

"The biggest operations will take place in the area of Piacenza, where we hope we will be able to stop the densest part of the slick before it enters our territory," said Gabriele Ferrari, public safety chief in the northern city of Parma.

The Veneto region, further downstream, prepared for the arrival of the slick by placing two ships across the river.



NNPC shuns local insurance brokers

Dr. Teslim Sanusi, the President of the Nigerian Council of Registered Insurance Brokers (NCRIB) in this interview with **Patience Saghana** of **Sweet crude** explains the implications of the proposed N100million capital base for brokers, the damage repair being embarked upon by the body and the neglect of local brokers by NNPC and many more.

Excerpts:

Which of your seven-point agenda have you achieved so far?

I am not pleased with the level of achievement because I have been involved in damage repairs and trying to settle down to understand the system in addition to my lined up programme. I came into office when the broking sub-sector was facing some challenges and I have been going around in order to correct the damage done by meeting past presidents and council members of the NCRIB. I also try to meet with government agencies and personalities. All those are geared towards championing a course that includes the overall interest of the entire insurance industry. From that point of view, I think a lot has been achieved but as it relates to my seven-point agenda, we are narrowing down on professional brokers. When we went through the list of our members we discovered that some chief executive officers need to regularize and update their status with the body. One of my agenda is instilling professionalism in the broking arm in accordance with the provision of Insurance Act 2003 and NCRIB Act. We have given them up to June this year to do so.

What is the motive behind your visit to government agencies?

The motive is making sure that we aligned what they want to what the insurance broking arm and the entire industry expect at the end of the day. We are aware that the federal government is keen on instilling professionalism and increase market penetration and empower the regulation to enshrine best practices in the sector. And we also wish to align their intentions with ours in the interest of the insurance industry.

What is the hullabaloo about N100million Capital base for brokers?

The Minister of State for Finance, Mr. Remi Babalola is not denying it but said that the report is not yet adopted to warrant the protest from the broking arm and the Commissioner for Insurance, Mr. Fola Daniel shares the same position with the Minister. We want to make our position known to the Minister so that in taking decision, insurance brokers will be put into consideration.

What is the anticipated impact of N100million capital



● Dr. Teslim Sanusi

base?

The N100million will be killing professionalism altogether if insurance brokers are to look for N100million working capital. The Law says N5million working capital plus five year experience as a broker. At the long run the broking arm will only have people that can muscle N100million capital in the broking firms and not professionals. And that is not in the interest of professionalism. All that the broker need is professional indemnity insurance policy and at the moment we have that for insurance brokers with a minimum of N10million indemnity.

Review of Insurance Acts 2003?

What we try to do on the NAICOM and Insurance Acts is to indicate our areas of interest, and avert misrepresentation of our collective interest as Insurance Brokers. It is my Council's wish to let government committee saddled with the responsibility of working on the review of the Act to observe the areas of our interest and give it the required attention that would better sanitize our sector and project us fully as professionals. Our stand is that insurance broking is like any profession such as law, architecture, advertising etcetera, which does not require any capital base to operate. As Brokers, we shall continue to uphold the integrity of

local brokers.

What about challenges facing Challenges facing the broking a r m ?

Let me intimate you with the enormous challenges we face. The operational environment of insurance broking is becoming more and more unfriendly. Suffice it to say that there is a dire need to bring the insurance broking profession at par with professional bodies in Nigeria. In achieving this lofty vision, my plan is to anchor my presidency on the following seven cardinal points. The future of insurance and insurance broking, like those of other institutions and practitioners in the financial services industry, revolves around embracing ethics, probity, accountability, transparency, integrity and honesty. Because the success of our operation and the operators in our industry depends on the confidence our clients have in us, so my tenure will uncompromisingly focus on addressing the issues of ethics and professionalism through various articulated remedial s t r a t e g i e s .

The present NCRIB Secretariat, which was acquired in 1992 and which was the first owner-occupied property by an arm of the Nigerian insurance industry, has been over-due for structural and infrastructural upgrading. By God's grace, we will build an ultra-modern corporate secretariat, which the Insurance Brokers would be proud of and, hopefully, the foundation laying stone will be laid next week. We hope to start and complete it within two years of my tenure. I will invest in the development of human resources of all categories of members and staff on the council to enable them cope with the following challenges of change in the volatile insurance market and global competition; increasing demand from customers and rapid changes in t e c h n o l o g y .

Insurance industry need to work as a team and speak with one voice, especially on issues and policies that affect our market in the emerging financial services supermarket. This will receive my priority attention. Through affective networking, the NCRIB will strengthen its relationship with relevant institutions within and outside the insurance i n d u s t r y .

The council would re-invigorate its strategic alliance with foreign insurance professional bodies particularly in South Africa, UK, USA and Canada . We will demonstrate greater commitment to building constructive partnerships, networking and strategic alliance so that tangible benefits can be derived b y o u r m e m b e r s . As the professional intermediaries in the insurance industry, the registered insurance brokers' distinctive and premium identity will be re-defined to occupy its strategic position in the Nigerian insurance industry. We must crush all competitions through unprecedented publicity to protect and promote the function and importance of the RIB.

our practice by rendering our quality service to the insuring p u b l i c .

How many insurance brokers are in the federal Government Group Life?

The Head of Service is not saying that the premium was over bloated. What he said was that the premium is going to be renegotiated to bring it down to the actual requirement.

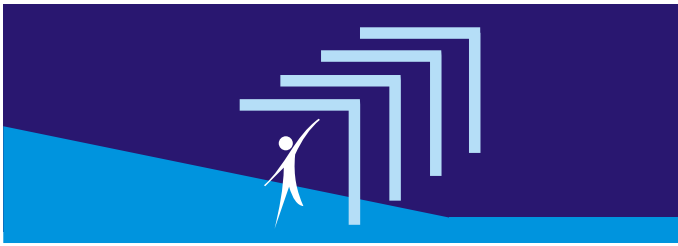
Why now?

It very likely due to the change of guard in the Head of Service as people has different perceptions to issues. His predecessors saw it different and there had been two Head of Service since the Group Life started. That is my own possible reason I can give for what has happening.

Brokers on NNPCAccounts?

There had been no local insurance brokers on NNPC accounts for the past six years because NNPC has been convince to either convince use local brokers of foreign brokers. We are been trying to make the corporation see reason on the need to use local brokers because the oil and gas business is not a business any company can do without the brokers. We are still trying to let them know very strongly that there is need to bring local brokers in the business else we may have to make a lot of public outcry to let the government and the public know the implications of not engaging

We are aware that the federal government is keen on instilling professionalism and increase market penetration and empower the regulation to enshrine best practices in the sector



As insurers, re-insurers troop to Douala

● The City of Douala, capital of Cameroun

Cameroon offers potentials for new market -Soares

Insurance companies in the country have been offered a leeway for them to break into new markets in Cameroon as the African Insurance Organisation (AIO) leads over 40 countries to Douala this month. Ms Prisca Soares, Secretary-General of African Insurance Organisation (AIO) in an interview with Vanguard explained that the nation's insurance industry could indeed break new market grounds in Cameroon as the body would take practitioners from around the globe through best practice in financial reporting. Soares enunciated across border training such as being organised by AIO presents ample opportunity for insurance operators to access new markets. Nigerian insurance chief executive officers are to gather in Cameroon by middle of this month for a two-day seminar on Global Financial Crisis: Challenges for the African Insurance Industry. Apart from that the AIO has mapped out a lot of events that would give participants at the seminar a run for their money. She explained that AIO programmes are not just about training but encompassed a lot of packages that individual participants benefits from and remember for long while. Soares said the AIO decided to pick on the theme, Global Financial Crisis: Challenges for

the African Insurance Industry She stated, "The adoption of International Financial Reporting Standards (IFRS) will offer important benefits to insurers, including the potential to simplify financial reporting and reduce accounting complexity and the costs associated with this function. Instead of preparing both Generally Accepted Accounting Principles (GAAP) and statutory financial reports, insurers will ultimately, comply with a single IFRS standard. IFRS also will increase transparency for investors and shareholders". The seminar, she reiterates further, is for insurance Chief Executive Officers, Finance Directors, Chief Finance Offices of insurance and reinsurance companies, Auditors and Insurance Supervisory Authorities will go a long way to change the way and manner insurance industry present their financial reports. She expressed, "To ensure readiness for IFRS adoption, insurers must begin to plan today for the business transition and IT infrastructure requirements, evaluating their accounting systems and implementing new processes. While IFRS requires two years of comparatives, best practices call for running comparative ledgers for five years. Nonetheless, the transition to IFRS presents insurers with a valuable opportunity to streamline reporting, expand

visibility and reduce reporting costs". IFRS, she believed, will likely contribute to substantial changes in insurance product design, price and offerings; investment strategy; risk management practices; securitization; and merger and acquisition (M&A) activity. Together, these changes will give rise to pressure for both convergence and divergence across insurance lines, thereby adding complexity and dynamism to the market structure of the insurance industry. The adoption of the IFRS, Soares noted would facilitate a seamless change in the financial reporting of Africa insurers; Explore the key features of the Exposure Draft on the main standard on insurance contracts which is scheduled for

publication before the end of 2009 and their implications for the system and business of African insurers; Discuss the elements of Enterprise Risk Management and its role in managing uncertainties and related challenges that African insurers face and to Discuss options available to African insurers for optimizing cost in the wake of current global economic crisis The AIO scribe said the National Insurance Commission (NAICOM), KPMG and Standard & Poor's would all take African Insurance market through Financial Reporting and Risk Management in line with International Financial Reporting Standards in consonance with the objectives of the AIO. Deputy Commissioner (Finance)

of National Insurance Commission (NAICOM), Mr. George Onekhena is expected to tackle the issue of Key Features of Insurance Contracts Exposure Drafts; Director, KPMG, Johannesburg, South Africa, Mr. Brian Mallinson will insurance practitioners through Transitions to IFRS: Issues for African Insurance Companies. Director, Ratings Analytical Financial Services (Insurance) of Standard & Poor's, Paris, France, and Mr Lotfi Elharhdadi will take operators on Enterprise Risk Management while Principal Partner of African Consulting Enterprise, Douala, Cameroon, Mr. Benoit Atangana Onana will tackle International Financial Reporting Standards. ■

NNPC shuns local insurance brokers

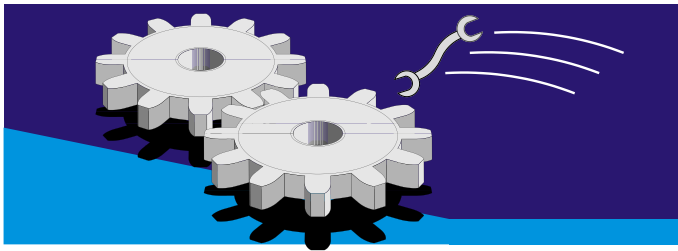
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We must drive it home to the insuring public (both individual and corporate) that the Registered Insurance Broker (RIB) is the best brand in both the local and international markets in the field of professional representation when compared with our other competitors in Nigeria such as Un-registered Insurance Brokers & Consultants, fake insurance brokers, un-registered bank intermediaries, insurance companies and other captive agents and worse of all, the absence of registered insurance brokers in the transaction of insurance contract

which is a highly technical business. We will use your annual subscriptions to re-brand and heavily publicize our members, the Re-registered Insurance Brokers (RIB). Nonetheless, my position must always be one of hope and optimism. Our Council, will take the lead in the crusade to reposition the economy by offering objective advice and innovative survival insurance products to governments and the other insured.

What are the challenges facing insurance broking in Nigeria? Let me say that the challenges facing the Nigerian insurance broking professionals are quite enormous. We are at a time when our profession is

being endangered by multitude of enemies whom we must combat in order to make progress. I will say that insurance broking is the intermediation between the insured and the Underwriters. Other intermediations are fakes. What I mean by 'fake' is that the insurance broker is a company that acts as an intermediary between companies providing insurance services and individuals or companies who need insurance. Insurance agents are not fakes but they can be described as extension of underwriting companies marketing unit, who may not possess any special training, qualifications or skills.



Why deregulation may fail -Prof Amdii

Victor AHIUMA-YOUNG

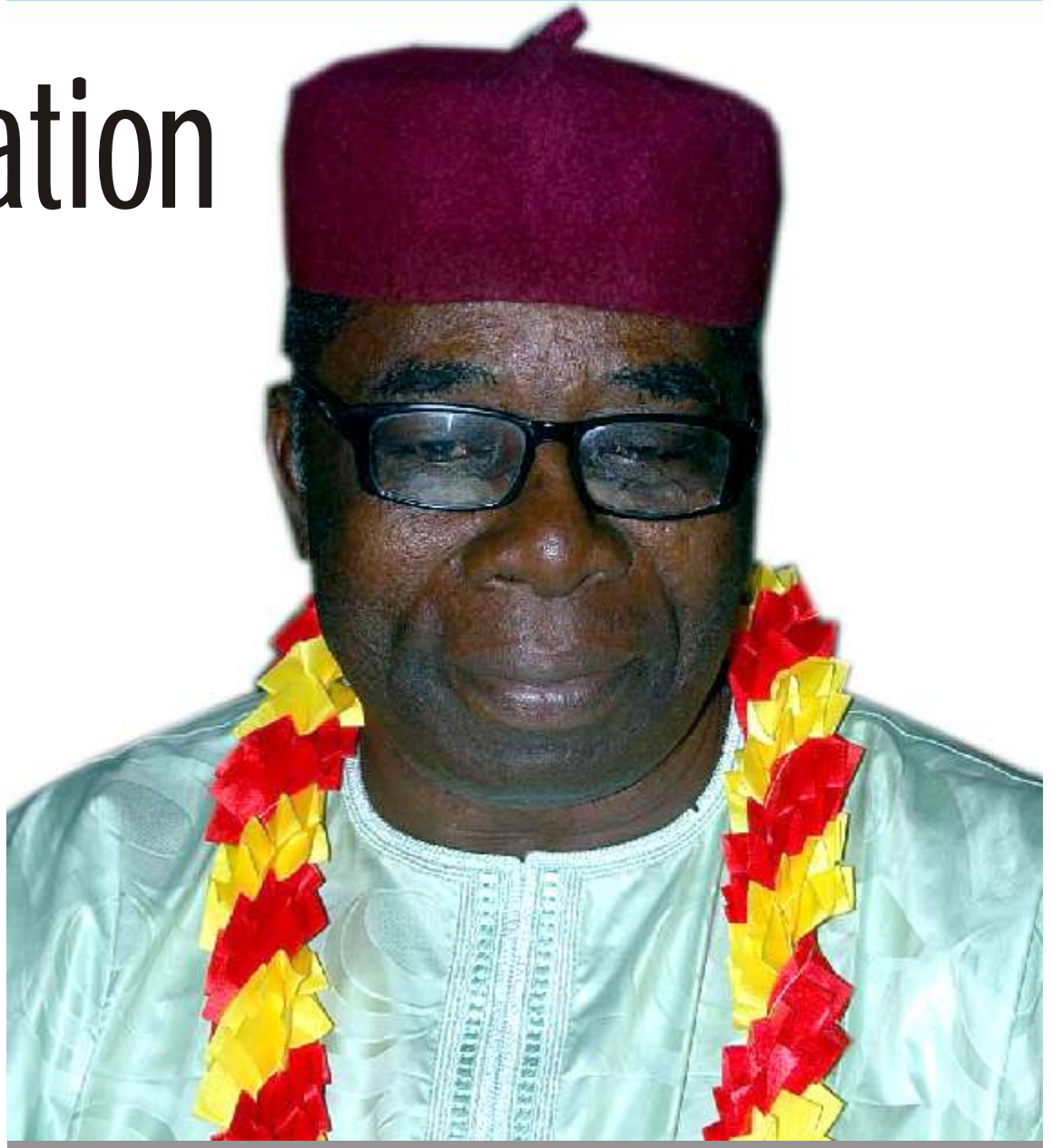
EVEN as the Federal Government and organised labour last week set up a committee to work out the modalities for the implementation of the planned full deregulation of the downstream sector of the Petroleum industry, a professor of Policy Analysis and Development Studies, Sam Amdii, has declared that government can hardly deregulate a market it has little muscle to control or check.

Delivering a paper on “The implication of Deregulating the oil industry for Nigerian Stakeholders”, at workshop organised by the Lagos Zonal Council of Petroleum and Natural Gas Senior Staff Association of Nigeria (PENGASSAN), in Ibadan, Oyo state, Prof Amdii, who teaches at the University of Abuja, posited that to deregulate in an economy such as Nigeria, there must serious factor endowment to cater for shocks which come as a consequence of liberalization.

According to him “the emergence of inappropriate pricing haphazardly undertaken by marketers in the local market has created tensions. The generation of victims circle of price hikes and strikes have produced band wagon effects on the purchase of fuel and hoarding of products leading to protests and strikes. The critical role being played by Petroleum Products Pricing and Regulatory Agency (PPPRA) with respect to appropriate pricing has not been able to limit potential abuse although competition has been possible. Corruption has been built into the nexus of appropriate pricing in a primitive capitalist state like Nigeria where collusion exists between the marketers and those inspectors who check the selling pump price. This is dehumanizing for an average Nigerian consumer. The reform provides for appropriate cushioning measures for the reform in terms of prices,

availability and poverty outcomes because of changes. Unfortunately however, government's short medium and long term measures have collapsed before they took off. It is a common knowledge to find long queues, sporadic price changes and the emergence of black market. These are evidence of the fact that government can hardly deregulate in an economy that government has little muscle to control or check. Even the measures taken have been stultified by government apparatus.”

“One of the cardinal goals of the reform in the oil industry is to refurbish older refineries and encourage the building of new refineries through private capital as a means of sustainability. If such has been embarked up efficiently, supply chain could, have been overhauled, bottlenecks removed and insufficiencies promoted by state monopoly weakened. However, government has not been able to refurbish the refineries in Port Harcourt or Kaduna. Similarly, little or nothing has been done to attract international consortiums to establish refineries. Even cooperation between indigenous business moguls with their external counterparts has not taken place. This demonstrates a mockery fort deregulation. Deregulation based on importation of a large component of local consumption cannot sustain incentives to attract investments in refining and



● Prof. Amdii

facilitating the entry of other players into the supply chain. This has hampered investment capacity by local and foreign capital.”

Deregulation, World Bank, IMF agenda

Continuing, the University don, argued that deregulation as it was been currently implemented and given its monopolist structure of supply, led to monopoly profits and increasing centralization of power in the federal government which directly had adverse effects on the nation's capital.

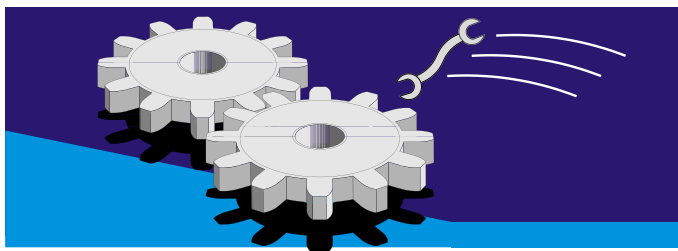
He said: “It further makes the whole country vulnerable through unbridled influence of world

capitalist management institutions, the World Bank and International Monetary Fund. These effects are exactly what the present experiment in democracy should try to avoid. Democracy means popular governance, yet we are seeing vested international interests pushing our institutions towards increased concentration of power and a consequent abuse of the electorate from which all powers flow. The reverse relationship between workers and Government can be attributed to labour unrest which has resulted to a fall in the oil and gas industry activities. Consequently it has affected the revenue that would have accrued to government coffers. It has been observed that labour demand is influenced by money wage rate. Deregulation also affects all Nigerians not only the wealthy but also the poor, and the CIA World Facts Book estimates that as at 2006, 60% of Nigerians live on less than a dollar a day. This is a huge number considering that the World Bank and the Nigeria population Commission respectively estimates that Nigeria has a population of 150 million as at 2006. According Khan (2005), deregulation of downstream sector has deeper and more immediate domestic political implications for the

country than those that may occur in the upstream sector. He asserted that the deregulation policy has caused series of disruptions within the political system because Nigerian believes that low petroleum prices are a given right and have protested vigorously through strikes each time the price was increased in the last few years and are bitterly against the deregulation of the downstream sector.”

“As noted by Khan above, these disruptions have widespread political implications in particular; there is a constant fear of inevitability instability in the system such that would manifest the continuous existence of system in capacity. Given the inevitability of the government's reform policy in the oil industry, the fact still remains that the government is prepared in terms of space and time. Having perused the major tenets and conditions for the reform, it is quite opaque that the government has been unable to provide the infrastructure in terms of soft and hard wares that could functionalize the reform policies. The current complexities and the endemic situation shows that now characterize the oil sector should large be tied to these incapacities by the government, the external influence and the ingenious business moguls in Nigeria.”

According to him “the emergence of inappropriate pricing haphazardly undertaken by marketers in the local market has created tensions



In a union/management meeting we held with SHELL management in Port Harcourt on November 12, 2008, the head of employees' relations made us to understand that they operate across 11 states that make up the oil producing states, in 4002 communities and with contracts that are more than 22,000 with both labour and service contractors. If we take it for instance that each contractor employs only three persons, which is not the case, you can imagine the number of employees that will be involved and service contract workers in SHELL operations" Those were the words of the Deputy General Secretary of the National Union of Petroleum and Natural Gas Workers (NUPENG), Comrade Aberare Isaac, in an interview with Sweet Crude's Correspondent, Victor Ahiuma-Young on the proliferation, of indecent employment policy especially casual, contract and service workers in the nation's Petroleum industry which the unions equate with "slavery and slave labour and the inherent dangers and plight of those at the receiving end.

Excerpts:

From NUPENG's point of view, how prevalence is the issue of casualisation and other forms of indecent employment in the petroleum industry?

I can tell you that all the multi-national companies including indigenous ones have resorted to the use of casual and contract workers in the oil and gas industry. The practice keeps increasing by the day and the union too has been doing everything in its power to limit the abuse of these categories of workers. But our effort is not yielding the desired result. Indecent employment practice became more pronounced in this country

towards the mid-80s as a result of downturn in oil exploration in the country and as a result of effect of globalisation. The oil companies started downsizing their workforce and contracting out what the call activities that do not relate to their core business. As we speak, we are still at loggerhead as to what constitute the core activities of oil and industry because the business of oil and gas industry is the exploration and production, marketing and distribution. So, as far as the union is concerned, everybody that is servicing that process is oil an worker. Be it those involved in servicing, drilling, marketing or transportation and every person directly or indirectly involved in rendering service towards the exploration, production and distribution of oil is oil worker. However, multi-national companies have said some aspects of these activities are not their core business. Therefore, they decided to out-source the catering service for instance, out-source the drilling activities and other peripheral jobs. Even now, they out-source the clerical activities to labour contractors or service providers. So, the rate with which this practice is going on has become very alarming. It is eating deep into the membership of the union. Today, we have several companies in the industry that do not have junior staff in their employment. Example is

Mobil producing which has phased out all junior staff in their employment. When the companies phase out junior workers, they re-surface as contract workers or service contract workers. This was the situation when in December 1991 the union gave an ultimatum for a symbolic industrial action with a view to finding how best the situation could be addressed. The ultimatum resulted to a stakeholders' meeting where government was represented by the Ministry of labour, the oil companies were represented by their Chief Executives and the union by the national leaders. At the end, a communique was reached. In that communique, they recognized that the activities of the oil companies had become a big problem in the industry and

that it needed to be addressed. The communique recognised that workers, whatever nomenclature, have the right to belong to the union and that the practice of casualisation be addressed by the companies on individual basis with a view to converting labour contract or contract casual workers into permanent staff especially those who have the relative qualifications. It was also stated in that communique that the proliferation of contractors should be streamlined because in a company, you can have a contractor that is providing just three employees and in some companies, you can as many as 100 contractors providing different services. That communique recognised that such an amalgam of contractors should be streamlined to a great



● Comrade Aberare Isaac

Unfair employment policies now pervade nation's oil industry NUPENG

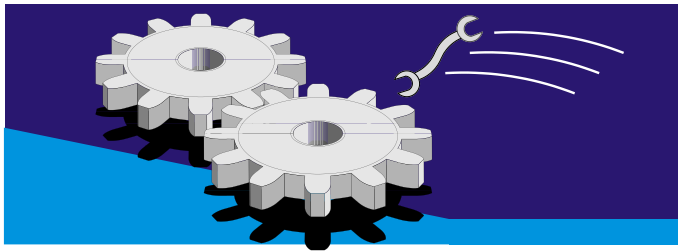
Those that were converted to full staff were converted and those that were not, were allowed to be unionised and the union negotiated for their conditions of service

extent to facilitate an interface with the union. With that, we went into the industry and we organised workers. Those that were converted to full staff were converted and those that were not, were allowed to be unionised and the union negotiated for their conditions of service.

But what we have noticed now is a growing habit by the companies at avoiding and preventing workers from joining the union. They were at first, out-sourcing and going for labour contract workers not withstanding that what they meant was to remove their hands from what they call non-core business. But we know that what they have at the back of their mind is how to maximise profit. So, then they saw the labour contract workers without conditions of service as more profitable to use than when they engage them fully as companies staff. Now that we are now organising the labour contract workers and negotiating conditions of service for the workers, the companies now resorted to further breaking the labour contract work into piecemeal and give out to contractors as service contract. There is different between labour contract and service contract. The labour contract will have provision for personnel, while service contract do not. They will just ask the service contractor for example, to come and clean this office for us and we will pay say N10.00 for the job. The contractor will determine the material to use, the number of workers use and the amount to pay them. The companies are now resorting to converting some of these labour contract jobs which members have conditions of service and are unionised to service contract without conditions of service and preventing them from being unionised. However, we have mapped out strategies to confront or address this new trend.

Do you have statistics on these categories of workers?

Statistics are very difficult to come by. As a union, we set up a de-casualisation committee and directed our branches to furnish the national secretariat with statistics on this indecent employment practice. Specifically, we asked to know how many are direct employees, how many are labour contractors and their workers or labour service contractors and their employees? I can tell you that this has not yielded tangible result because beside the fact that the companies keep on increasing the number by the day, they have also been frustrating the bid to get accurate figure. It is difficult to estimate the number of people involved. But one thing is clear, all the companies in the oil and gas industry are all involved in the use of labour contract and service contract workers.



WORKSHOP ON OIL INDUSTRY REFORMS: challenges for stakeholders was organised by Petroleum and Gas Senior Staff Association of Nigeria. (PENGASSAN-Lagos Zone) in Ibadan on Monday. Pix shows from Mr Ken Narebor HR, Manager Chevron, Rev Comrade Folorunso Oginin Lagos Zonal Chairman PENGASSAN and Prof Sam Amdii of University of Abuja Pix by Dare Fasube

the world over, contract staff earns more than the permanent staff because Management recognized the fact that contract staff do not have the welfare scheme that are enjoyed by the pensionable and permanent staff. But in Nigeria the reverse is the case, as it is not the practice as obtainable in other parts of the world. Multinational Companies see contract staffing as being synonymous with casual employment, cheap labour and in almost all cases result in what can be tagged "slave labour". For instance, a permanent staff in an Oil Company may be earning N100,000 excluding other allowances. He at times enjoys the Right to Freedom of Association, right to unionization which makes him able to participate in consultative forum to determine his career path and gains from the Company and at the end, has pension and gratuity. On the other hand, the contract staff earns a total emolument of N50,000, he is denied the right to unionize and therefore denied the Right to Freedom of Association and Lawful Assembly. He has no platform to have an input in the Collective Bargaining process, neither can he negotiate his employment welfare and well-being and has no enhanced terminal benefits, among others. So, the man wastes the best part of his life for an organization and he is unable to do any other hobby or invest his energy in areas that can guarantee his future during this active life, and at the end retires a pauper, while the Company he helped to build declares billions of profit every year. This group of people eats up their future and psychologically dies gradually while on active service. Their children are indirectly affected by this ignoble action of the Managements. The question then is, is this fair? What is good for the goose should also be good enough for the gander. A worker without a future and a say in matters relating to his own growth is a slave. We must not allow this attitude to continue.

Reforms: PENGASSAN examines challenges for stakeholders

Victor AHIUMA-YOUNG

UMBRELLA body for senior staff in the nation's oil industry, the Petroleum and Natural Gas Senior Staff Association of Nigeria (PENGASSAN), is becoming uncomfortable with the issues being thrown up by the ongoing reforms in the sector and it is not pretending about.

The association exploring ways to confront the challenges and as part of this, Lagos zonal council of PENGASSAN, gathered in Ibadan, the capital of Oyo state, last week, to examine "Oil Industry Reforms: Challenges for stakeholders

Addressing participants, Chairman of Lagos Zone of PENGASSAN, Rev Sunday F. Oginin, noted that every stakeholder was being impacted by the reforms

being seriously pursued by the government, stressing "it bites hard on us, all of us are trying to look out for survival strategy in our struggle to remain in the industry."

Rev Oginin, posited that "it is the duty of the Association to defend the jobs of not only our members but also of Nigerians and to ensure that the laws of the country as regards the Rights to Freedom of Association and lawful Assembly as guaranteed by the Nigerian Constitution are well protected.

Therefore, there is no other better time for us than now to come together and sincerely appraise as well as address the consequences of the reforms on the industry and of course on labour, our members.

Contract Staffing and Casualisation
The Lagos Zonal Chairman,

while lamenting the menace contract staffing and casualisation, threatened that the association could be forced to shut down the oil industry over increasing casualisation of workers and other forms of unfair employment practices by oil companies operating in Nigeria called on the Federal government to call the oil companies to order through its relevant agencies in the interest of peace in the sector.

Rev Oginin, posited that the association had resolved to tackle the issue of casualisation of workers and other forms of unfair employment practices even if it meant shutting down the industry to instill the culture of decent employment practices in the industry.

According to him "one issue that has been a thorn in our flesh is the issue of contract staffing and casualisation of Nigerians. In

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NNPC/Mobil JV begins construction of 500mw power plant

Yemie ADEOYE &
Oscarline ONWUEMENYI

Determined to achieve the 6000MW power aspiration of the Federal Government and possibly surpass it, the Nigeria National Petroleum Corporation, NNPC and Mobil Producing Nigeria has commenced the construction of a power station that will supply 500 mega watts to the national grid and ensure the effective utilisation of the nation's gas resources which will bring significant benefits to the Nigerian people.

Speaking during the Joint Venture Power Plant ground-breaking ceremony at Qua Iboe Terminal in Ibeno Local Government Area of Akwa Ibom State, the Group Managing Director of the NNPC, Dr. Mohammed Sanusi Barkindo expressed optimism that with the Federal Government's 6000MW power target, the Nigerian economy was set to join the next eleven most developed economies in the world.

Dr. Barkindo informed that the 500MW power plant is part of a domestic gas synergy project which also includes onshore flare elimination and a domestic gas pipeline to deliver gas to the national grid.

"The aspiration of the Federal Government to achieve a higher and higher power target remains at the front burner of the nation which has the potential of transforming the Nigerian economy to a tiger economy," Dr. Barkindo said.

He maintained that in addition to the power plant development, the NNPC/MPN joint venture is installing facilities for near term delivery of 100 million cubic feet of gas per day, mcf/d to the domestic market and is advancing 400mcf/d domestic gas phase ii project.

The NNPC helmsman noted that the project would benefit Nigerians and the people of Akwa Ibom State both in terms of job creation and increased activity for local businesses consistent with government's Nigerian Content Development programme saying that local capabilities and skills would also be enhanced.

On the request by the governor of Akwa Ibom State for the establishment of a Green Refinery in the state, Dr. Barkindo assured of the readiness of the corporation to work out modalities on the establishment of the refinery adding that in the spirit of the Federal Government amnesty to the former militants in



● A gas power plant

the Niger-Delta region, the corporation was committed to addressing issues confronting the area.

The NNPC GMD commended the neighbouring communities for their cooperation and support and implored them to continue to provide a conducive atmosphere

In his remarks, the Governor of Akwa Ibom State Mr. Godswill Akpabio commended the NNPC/MPN Joint Venture for the power plant saying the initiative would promote national development and boost the economy of the state

that would support the timely delivery of the project.

In his remarks, the Governor of Akwa Ibom State Mr. Godswill Akpabio commended the NNPC/MPN Joint Venture for the power plant saying the initiative would promote national development and boost the economy of the state.

Represented by his deputy, Engineer Pat Ekpotu, the governor assured of the security of lives and properties of workers of the joint venture noting that with the success of the Federal Government amnesty programme, things were getting better in the state and urged investors to invest in the state.

Earlier, the Lead Country Manager ExxonMobil, Mr. Mark Ward disclosed that the proposed power project includes the construction of an electric power plant as well as a 56-kilometer transmission line connecting the plant to the national grid at Ikot Abasi in Akwa Ibom State.

Mobil Producing Nigeria, operator of the NNPC/MPN Joint Venture awarded the Front End Engineering Design contract for the project in September 2009. FEED is the conceptual process of development and design for large industrial projects such as power plants and the project is expected to last one year.

Ghana to submit oil bill ahead of Jubilee production

Ghanaian President John Atta Mills said Thursday his government will soon submit to parliament an oil and gas revenue management bill ahead of planned oil production in the last quarter of this year.

"Ghana is preparing an oil and gas revenue management bill to be submitted to the parliament for approval," he told lawmakers while presenting his state of the nation address.

"The [Oil and Gas Revenue Management] bill will ensure transparency in management and will commit the bulk of the oil revenue to a shared growth fund to finance investments and infrastructure development," he said.

Ghana plans to launch oil production from its Jubilee oil field in the last quarter of this year.

In June 2007, U.K. oil and gas company Tullow Oil PLC (TLW.LN) announced that it had discovered up to 600 million barrels of oil in the West Cape Three Points block off Ghana's coast.

For foreign exchange income, Ghana's oil is set to upstage the gold, cocoa and timber exports it previously relied on.

Cobalt updates on blocks 9 and 21, offshore Angola

Cobalt has executed Risk Services Agreements for Blocks 9 and 21 offshore Angola with the national oil company of Angola, Sociedade Nacional de Combustíveis de Angola - Empresa Pública (Sonangol E.P.), as well as Sonangol Pesquisa e Produção, S.A. (Sonangol P&P), Nazaki Oil and Gás, S.A. and Alper Oil, Limitada.

The Risk Services Agreements, which were executed and dated on February 24, 2010, govern Cobalt's 40% interest in and operatorship of Blocks 9 and 21 offshore Angola and form the basis of Cobalt's exploration, development and production operations on these blocks. Their execution is a key milestone that allows for the commencement of Cobalt's offshore Angola drilling program, currently planned to begin within the next twelve months.



Nation's power sector caught in web of lies, deceptions and sabotage

Oscarline ONWUEMENYI

The current power outages experienced across the country may get worse with the steady decline in the power generation due to the inadequate gas supply to fire the turbine power stations. The nation's peak generation in December last year was 3,710 megawatts and available capacity was 5,400MW. As at Friday last week generation has dropped to 2,400MW while available capacity also down to about 4,200MW. There is widespread fear that the situation may get worse if Shell Petroleum Development Company of Nigeria Limited (SPDC) carried through its threat to shut down its Oben, Sapele, Ughelli and Utorogu power stations, which it currently manages.

The multinational oil company had complained about the enormous amount of condensate that needs to be evacuated to enable it carry out supply of gas to the power plants. Last week, Shell, a major supplier of gas to the nation's thermal generating plants, had written a letter to the Minister of Petroleum Resources and his Power Ministry counterpart alerting them on gas supply situation if wet condensate estimated at 400,000 barrels is not quickly evacuated. Shell suggested that at least NNPC need to evacuate between 50,000 to 100,000 barrels of condensate daily to create room for further production of dry condensate that will go to the power plants.

The Implication of lack of gas supply to the nation's thermal plants especially in Egbin, Omosho, Geregu, Olorungbo, Sapele and Delta is that Nigerians will be starved of electricity. Under the interim arrangement Warri and Kaduna refineries are expected to take some of this (condensate) gas for its operation but information revealed that the management of the refineries have declined to take condensate. Gas supply to the nation's power stations has been on the decline as six major sources are either not supplying or supply at less than 30 per cent of the expected volume to the power plants. For example Chevron Escravos 1 is expected to deliver about 184million standard Cubic feet of gas per day (Mscf/d) but nothing is coming from this source. Also, Chevron Escravos 2 ought to deliver 300mscf/d as well as Shell's Sapele gas plant

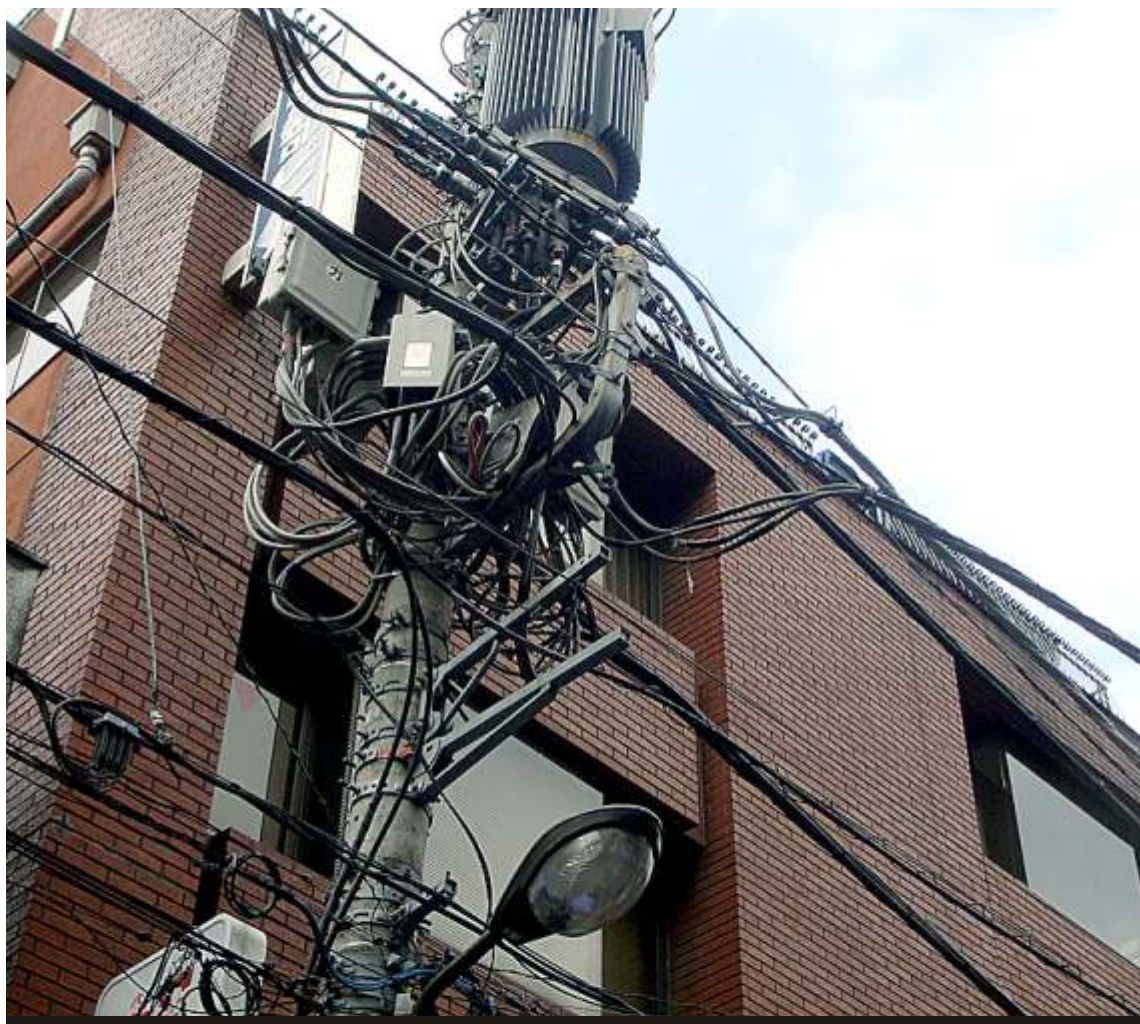
but nothing was delivered. Ughelli Shell gas plant should deliver 90mscf/d but only 30mscf/d was delivered due to rehabilitation work at the Sapele power plant which has limited its intake of gas. The Shell Oben Gas Plant is also expected to make 90mscf/d while Utorogu Shell gas plant billed to supply 360mscf/d could only deliver 300mscf/d.

Oil industry sources explained that security challenges in the delta resulting in incessant pipeline vandalism has been responsible for diverting the condensate to Warri where it could be used directly by Warri and Kaduna refineries who were due to commence operation after rehabilitation recently.

There is, however, a twist in the tale as regards gas supply needed for power generation in the country. In January a group of investors in the nation's oil and gas industry had expressed disappointment at the non-cooperative attitude of the Shell Petroleum Development Company and other major oil companies in not allowing them access to gas fields within their areas of operation. The activities of these multinational oil companies, according to the investors, was constituting a major set-back to the effort of federal government at accelerating gas production for domestic power generation.

The Executive Chairman, Petrolog Group, Vincent Ebuh, who spoke at a parley organized by the Ministry of Petroleum, in Abuja, bemoaned the lack of cooperation from the international oil companies which were not allowing the gas investors access to the gas fields. "We identified about 24 fields but we were only allowed access to four which has only one million scuf of gas. We are having a big road block from the IOCs, wondering why you are in my backyard. Most of the flares that were identified, you go there they say no go area, already engaged, they are going to utilize for something in the nearest future and that future we have seen it in many years has not materialized where we want to be as nation," he told correspondents.

In December 24, 2009, the Federal government entered into a memorandum of understanding with various companies interested in developing the gas sector with the intention of reaching final production agreement latest by March this



● Electricity cables

year. However, this target date appears to be under threat as the IOCs are alleged to be sitting on some of this gas and are not cooperating with the investors in the industry.

Ebuh further noted that, "In a situation like this, government wants something but don't how they go about getting it. We identified 21 fields, we were

The multinational oil company had complained about the enormous amount of condensate that needs to be evacuated to enable it carry out supply of gas to the power plants

given four and when we run our economics, in the third or four year, the gas in these particular four fields will amount to 1mscuf. How can anybody from the bank or abroad bring money to invest money in 1mscuf." He called on federal government to prevail on the Joint Venture oil companies cooperate with the gas investing firms to accelerate the process of production which is of strategic importance to the country's economy.

According statistics, the country presently has about 189 gas sites and out of this number, 182 are within the oil fields operated by major oil firms with Shell alone having 95.

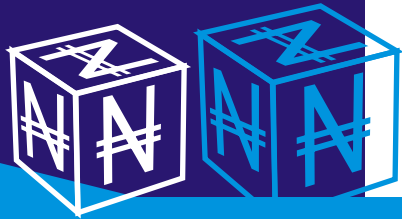
Also giving vent to the frustrations of the investors, the Chief Executive of Turan Oil, Mr. Chris Akerele, expressed a similar view saying the attitude shown by the oil companies has tended to delay the process of executing the MoU on gas production. He said, "We had hopes to cooperate with Shell, we spent a few hours with them, called them weeks later, was told that Shell had no interest in the project. Two of the assets were no go areas, also said they were in touch with NAPIMS and they had no interest in our project and as a result, no further basis for discussions. In subsequent attempts to contact Shell, we were

not even given the courtesy of replying. We wish that some IOCs who sit on this gas will go along with the desire and request. We had had no joy at all."

On his own part, the Executive Director, Business Development, COLECHURCH LTD, Mr. Terence Modebe, pointed out that records show that Nigeria has 189 flares and 182 are with IOCs and the rest with smaller companies. "We went for 31 of these flare sites. Based on the initial due diligence that was done by DPR and they confirmed that the flares sites were uncommitted. In the process, we then signed a MOU with the ministry for 31 sites. Based on that, we went to the market and raised \$1bn based on the 31 sites which we had informed our partners that we are going to do in Nigeria. Today, we are not even half way there," he said

According to him, international oil companies including Chevron, Total and Continental were reluctant to give their support in achieving the target.

He said the projects are not contrary to the master plan, but complimentary. "It is looking for associated gas, flares that need to be extinguished to help the country achieve its objectives. We want to find a way to get these 31 sites or the finance that has been raised will be at risk.



● Fuel queue

Ghana to submit oil bill ahead of Jubilee production

Ghanaian President John Atta Mills said Thursday his government will soon submit to parliament an oil and gas revenue management bill ahead of planned oil production in the last quarter of this year.

"Ghana is preparing an oil and gas revenue management bill to be submitted to the parliament for approval," he told lawmakers while presenting his state of the nation address.

"The [Oil and Gas Revenue Management] bill will ensure transparency in management and will commit the bulk of the oil revenue to a shared growth fund to finance investments and infrastructure development," he said.

Ghana plans to launch oil production from its Jubilee oil field in the last quarter of this year.

In June 2007, U.K. oil and gas company Tullow Oil PLC (TLW.LN) announced that it had discovered up to 600 million barrels of oil in the West Cape Three Points block off Ghana's coast.

For foreign exchange income, Ghana's oil is set to upstage the gold, cocoa and timber exports it previously relied on.

Industry sources say the crude found off Ghana is of a quality even easier to refine than the light, sweet crude found in Nigeria, one of the world's largest oil producers.

Revenue derived from oil will be invested in the national power supply, with improvements to the road network and water supply, construction of a deep sea oil port and revamping railway lines, Atta-Mills said.

"These projects will not only create significant employment themselves but will also support the growth of other industries," he told the parliamentarians. ■

FG lauds NNPC on disappearance of fuel queues

The Federal Government has commended the efforts of the Nigerian National Petroleum Corporation, NNPC, on its move to restore normalcy of fuel supply to filling stations across the nation since the inauguration of the War Room to reduce the hardship being experienced by Nigerians.

Addressing members of the War Room at the NNPC Towers Abuja, the Special Adviser to the President on Petroleum Matters, Dr. Emmanuel Ebgogah noted with delight that the sudden disappearance of queues from filling stations indicated the readiness of the Corporation to transform into a commercial company that could compete with other operators in the downstream sector.

Dr. Ebgogah congratulated the NNPC War Room for the success they have recorded so far in eliminating fuel queues from filling stations since it was inaugurated adding that for the common man on the street, the only way the Corporation is assessed is when there is fuel in filling stations. He urged the NNPC War Room to sustain their laudable efforts.

"I am very impressed with the NNPC War Room even though other people would not understand what you are talking about when you talk about War Room but they have explained to

me their modus operandi and they also told me that they have acquired tracking software to monitor the movement of

vessels," Dr. Ebgogah averred.

He said with the acquisition of the Tracking information software, the incidences of bunkering and sharp practices would be minimized saying that the Federal Government would now take a bold step to implement the deregulation policy to put an end to the sufferings being experienced by people.

Dr. Ebgogah reiterated that the sure way out of the present logjam in the downstream sector of the petroleum industry was for the sector to be deregulated in order to guarantee a level playing field for all players in the industry.

"The Federal Government would work very hard to ensure that some of the external factors affecting the operations of the NNPC would be addressed and

this can be achieved when the deregulation policy of the downstream sector becomes fully operational".

The Presidential adviser sued for collaboration from other stakeholders in the downstream sector saying for the present steady fuel supply to fillings stations to be sustained, there was every need for all hands to be on deck to sustain stability in the sector.

Earlier, the Group Managing Director of the NNPC, Dr. Mohammed Sanusi Barkindo reassured on the Corporation's commitment to providing petroleum products for all Nigerians noting that measures have been put in place to overcome the immediate challenge of fuel supply. ■

Nigeria's crude oil production jumps 25 per cent

Nigeria's crude oil and condensate production has jumped by 25% to 2.5 million b/d over the past four months in the wake of the relative peace enjoyed in the Niger-Delta.

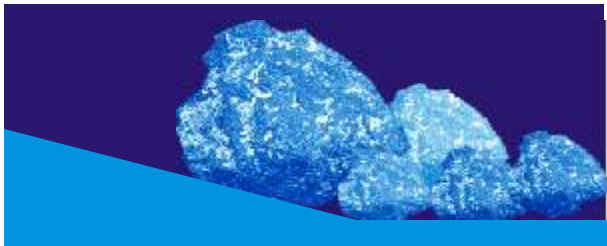
U.S. energy firm, Exxon Mobil said on Tuesday it remained bullish on Nigeria despite concern from the industry over controversial planned legislation

to overhaul the country's energy sector.

"We continue to have a bullish view on Nigeria," Exxon Mobil's country director in Nigeria, Mark Ward, told an industry conference in the capital, Abuja. U.S. energy firm, Chevron said on Tuesday oil output from its Nigerian joint venture was just under 350,000 barrels per day (bpd), while output

from its deepwater Agbami field was at 240,000 bpd.

"In deepwater Agbami, we are running at close to capacity. We would expect both these numbers to stay fairly constant for one to two years," Chevron Nigeria Ltd Managing Director, Andrew Fawthrop said. ■



On the 17th of June 2008, the then Chairman of Western Goldfield Consortium, Mr. Philip Pereira, held a Press conference and gleefully announced that his company would generate about 1,500 Megawatt (Mw) of electricity into the national grid through coal fired turbines within 24 months. He had said that his company, which was in partnership with Huadian Corporation of China, was looking at about 62,400,000 metric tons of coal reserves in six states, which he had valued at N162 billion.

Huadian owns not less than 70 coal power stations in China alone, and many in several others outside China.

But, 20 months after, the project looked stalled. When the acting President, Dr. Jonathan Goodluck recently insisted that Nigeria must find ways of producing electricity with coal in the next 24 months, *Sweet Crude* went in search of Mr. Pereira (now the Executive Vice-Chairman of Desert Rock Engineering Nig. Ltd.) to find out what happened and, if the instruction of the acting president can be achieved. He spoke with our very own **Luka Binniyat**.

Excerpts:

How far has Western Goldfield field gone on its promise of producing 1,500Mw of electricity for the national grid through coal power stations?

We had gone far before the ministry started their revalidation of mineral titles in 2008. After that, we had to stop work. The revalidation affected Western Gold field. That is why we have to come in now as Desert Rock Exploration Company, Nigerian Limited. But our foundation still stands. The revalidation exercise has affected and set us back by almost two years. But, we have invested much, and we hope to continue from there.

The Acting President, Dr. Jonathan Goodluck has directed the Minister of Mines and Steel Development, and that of Power to meet and ensure that electricity is produced from coal in the next 24 months. For several years now, you have been trying to generate electrify from coal. How realisable is this presidential directive?

That is feasible only if you have modules for producing 250 Mw to 300Mw, but in several places, that is feasible, yes. But it has to be handled by one company. And that will mean that you have to implore the Long Wall mines, because that is the cheapest form of mining coal. In the Long Wall mines, production cost is about \$7 to \$8 per ton. But if you are going into Open Cast mining, production of coal is about \$20 to \$22 per ton. So, you see, the Long Wall mine is cheaper.

Coal to electricity possible within 24 months if —Pereira



● Coal

So if you produce 5 million tonnes of coal per year to produce 500Mw of electricity, you may spend about \$40 million for Long Wall mines and about \$100 million for Open cast mining. That is just for coal production.

But, to produce 5 million tonnes a year, believe me, it would take not less than 5 years for the Mines to be developed. Then if you think of other structures that would go

with that to produce electricity, you could say, 6 to 7 years is just good to plan and generate good quantity of electricity from coal.

But, you can put in about 250 Mw and 300Mw coal-powered station in about 7 states that we have confirmed to have enough coal in Nigeria. With that you can produce between 1,800 Mw and 2,000Mw in far less than 7 years, since the quantity of coal needed

would be less than 5 million tonnes.

But, you need to have one company to do that. If not, you would have chaos on your hand to deal with.

Why would you suggest that only one company handles that?

Because producing electricity

with coal is a specialty. And if you give it to one company, then the economy of scale comes to play. I am not trying to imply anything, but we have a partner, who is a world leader in this field. I am talking of Sinoco. They are coming with another partner called Huadian. They are all Chinese firms

Let's get it once more. Are you saying that it is possible to generate between 250 and 300Mw of electricity in seven states within 24 months?

Yes, it is possible, but must be within that limit. My partners can actually build them. I am talking of China-Huadian Corporation. It is a state owned company that generates, transmits and distributes electricity. We also explore and develop coal mines and we do much more. Yes we can do it. In fact, we could have since done it here if it were not for government interference since 2008.

But, when you look at 24 months and you look at the protocol that goes into say, an exploration licence. And the fact that you have to apply for licence from the Nigerian Electricity Regulatory Commission (NERC) before producing power for sale, looking at the Nigerian terrain, do you think that even the most competent company can produce power from coal within this time?

Actually, when you look at it in that realistic way, it is impossible ... (laughter)

But, in normal circumstances, in a country where everyone thinks about the interest of the country first, in a country where bottlenecks are not created out of personal interest, a small module of 250 and 300Mw is very possible within 24 months. Now,

look at Nigeria, a Mining Regulation is still not out. You cannot attract serious investors if you don't have a Mining Regulation. But I am a Nigerian, and I have no problem in investing here, but, we ought to have had a Regulation by 2007. Now it is 2010 and there is no

Regulation. Now I am going to China for a meeting with my partners in Beijing in March. I will be going there with an Application, not a Licence. Because I have not been issued one. That is quite sad, because the Mining Cadastal law says that you must be issued with a licence within 30 days when you put in your application and you meet the criteria. That is what the law says. They have recalled our licences for over a year now over revalidation. They say that the validation exercise is over, and that they are going to start issuing licences in January, now we are in February. ■



Niger-Delta: NLNG loses \$2 billion in 2009

Yemie ADEOYE

FOLLOWING the wave of attacks on oil and gas installations in the Niger Delta region the Nigerian Liquefied Natural Gas company (NLNG) has lost about two billion dollars due to sabotage of feed gas supply pipelines in the Niger Delta.

The Managing Director of the company Mr Chima Ibeneche made the disclosure while delivering a speech titled 'finding synergies between International and Domestic Gas Supply' at the just concluded Nigerian Oil and Gas (NOG) 2010 conference in Abuja.

According to him Nigeria's proved reserves of natural gas is currently about 185 trillion cubic feet (Tcf) which makes Nigeria the seventh largest natural gas reserves holder in the world and indeed the largest in Africa. It is worthy of note that all of those reserves have been discovered whilst searching for oil. "NNPC

therefore projects that Nigeria's proved reserves could reach 600 Tcf in 15 years with the commencement of focused gas exploration. If this happens as projected, Nigeria will be amongst the top 3 or 4 largest gas reserves holders in the world in 15 years.

The Nigerian Government's prioritization of domestic gas supply, especially gas to power is therefore entirely legitimate. The point however is that domestic gas supply needs can be met side by side with sustaining viable export gas supply to earn necessary revenue to support development of much needed gas infrastructure. Nigeria LNG's current gas export revenue represents about 7% of Nigeria's GDP".

Ibeneche further opined that the Nigeria LNG has also since 2007 commenced domestic supply of LPG with 150,000 tons dedicated to the Nigerian market, demonstrating that the domestic market can reasonably compete with the International market if

appropriate incentives are made available. "It is also true that some domestic natural gas buyers like industrial consumers have already achieved and in some cases have surpassed price parity with export projects.

The key amongst these challenges include funding, fiscal, commercial and regulatory issues as well as security and safety of personnel and assets

One approach therefore will be to develop integrated projects which combine domestic and export gas supply and may well incorporate a domestic power plant. In this way, revenue stream from export gas will help subsidize domestic supply requirements that are below export price parity especially in power generation. Happily, this approach has been recognized in the Gas Master Plan and will no doubt be a sustainable way of developing the domestic gas market.

What is now required is to put in place the necessary legal, fiscal and regulatory framework to attract relevant investment to the domestic gas sector. Some of these matters are now being considered under the Petroleum Industry Bill and hopefully will be resolved in a manner that is satisfactory to all stake holders." He said that the Nigeria LNG with installed capacity of 22 mtpa is the only operational LNG facility and one of the fastest growing LNG facilities in the world, expanding

rapidly from two trains in 1999 to six trains in 2007. The seventh train is presently awaiting final investment decision. According to him when other LNG projects on the drawing table are considered and if actualized, Nigeria could become one of the three top LNG producers in the world, after only Qatar and Australia reaching over 60 mtpa of LNG liquefaction capacity. "Attaining the above target will surely require overcoming the challenges presently confronting the gas industry in Nigeria. The key amongst these challenges include funding, fiscal, commercial and regulatory issues as well as security and safety of personnel and assets. A lot has been done in this regard including the Government's amnesty program in the Niger Delta region. Nevertheless, a lot more needs to be done to make the gains of the amnesty program sustainable. In 2009, Nigeria LNG lost over \$2 billion of revenue due to sabotage of feed gas supply pipelines in the Niger Delta. ■



● Gas pipeline on fire



Godwin ORITSE

Nigeria's location and population makes it a country of diverse economic capabilities with large investment opportunities at its seaports. In Nigeria, most ports are owned by the Federal Government. States have had fewer stakes in the ports until recently when some state governments began investing in medium scale ports. Private operators are also not left out of this venture as more get involved in port business across the country. Some are dry ports while more focus is still on the usual government sea ports for clearance of goods, ship berth and cargo.

There are eight major ports situated in different parts of the country with a concentration in the south where the Atlantic Ocean and the deep sea flow. Through the years, Nigerian ports despite inherent challenges have witnessed influx of cargoes and goods that have helped the country in its trade operations. This has increased government revenue both at the federal and state level through taxes, levies and increased employment. Sea ports through the years have brought Nigeria great economic advantage.

Presently, Nigeria can boast of two major sea ports, both of which are in Lagos; but compared to deep ports around Africa, these are considered to be small/medium deep sea ports.

To date, the country can only boast of few running deep sea ports. This means that the development of more deep sea ports would increase maritime trade with countries along the West African coast, improve local and economic sub-hubs. The added port will also help reduce the strain faced by ship owners that berth to discharge their cargoes at the Apapa ports. In other African countries, the immense benefit realized from

● Sea Port

deep sea ports is enormous and Nigeria can also have its share in this fortune.

With the plan by Lekki port to finalize construction of the largest private deep-sea port in Nigeria next year, the country will establish itself as a transit trade centre and an economic hub for West Africa. The Port@Lekki project is developed inside the Lagos Free Trade Zone, the zone eventually will cover over 1,500 hectares of land. The zone has a unique and ambitious initiative to set up a world class, modern integrated

The significance of deep sea port to the Nigerian economy

port in Nigeria with dedicated terminals for containers, dry bulk and liquid cargoes.

Lekki port will provide an efficient maritime gateway to Nigeria and will be developed in phases to meet the burgeoning trade to and from the country. The size and scale of the port along with its state-of-the-art facilities will make it an ideal trans-shipment hub capable of servicing and opening investment links along the entire West African coast, thereby, reducing pressure on existing ports.

The Lekki port deep sea water project will entail the development of core marine infrastructure which will consist of 1.5km long breakwater, 8km long approach channel with 19.5m draught, 560m turning circle and 1.5km long quay wall. All these facilities will make the port the first deep water port in West Africa to simultaneously handle three container vessels of 8,000TEU capacity, one 45,000 DWT and one 160,000 DWT liquid bulk vessel and one 50,000

MT dry bulk vessel.

Though a private sector initiative, the port located at Itoke village, Ibeju-Lekki has a draft of 17 metres on the Atlantic coast and would be the first deep water port in Nigeria to accommodate Suezmax ships.

The construction of the Lekki Port is schedule to start in quarter three of year 2010 and will be operational by quarter three of the year 2013. When Port@Lekki begins full implementation, Nigeria will be able to boast of a high level of export handling, importation at cheaper prices because large vessels can carry more thereby reducing levies/duties paid on ferrying goods batched in smaller ships. To make sure these advantages are realistic, adequate transition facilities and support will also be provided within and around the port to ease movement of cargoes outside the port.

Apparently, deep sea-ports are trade gateways that play critical roles in determining a country's competitiveness and economic

strength. Over the past decade, ports have accounted for around 99 per cent by volume and 95 per cent by value of imports in Nigeria.

While port construction in Nigeria proceeds at a relative good pace, port development and thus economic growth is being impeded by a failure to improve transportation infrastructure, maritime and information services, customs clearance, or logistics and support utilities. Although the Federal and Lagos state governments as utility providers have put all hands on deck to make Lekki deep sea port a reality, there is need for timely provision of road and rail network linking the ports to other parts of the country without the intricacies prevalent in Lagos interiors. This is to facilitate quick and easy evacuation of goods from the deep sea port expected to commence operations in 2013, therefore, placing an urgent need to fast track action on infrastructure development. ■



Austen Warikoru is the Customs Area Comptroller in charge of Port Harcourt Area 1. In this interview with Godwin Oritse of Sweet crude, Warikoru said that his administration has broken new ground in the Command. He also said that with the right tools and an environment conducive for business, Port Harcourt could turn the economic fortunes of the Eastern region around.

Excerpts:

You seem to have broken new ground in revenue collection in the Port-Harcourt Command, what could be responsible for this?

In December, in addition to dedication and hard work we were lucky to some extent to have had some vessels that called at the Port-Harcourt port much more than what we had in November because in December, I can remember that we had about thirty vessels whereas in the previous month, it was much less than that, that is one. Secondly, to large extent, I became the marketing manager, marketing this port, marketing the fact that it is quite easy for people to pay their duty once their assessment has been generated and you go to the bank and make your payment.

This I think also paid off in the month of December because we had more people who came around to do business with us and we were able to achieve this feat, we are only short of the target by about N46million. Whereas we targeted N2.886 billion. N2.844 billion was collected in that month and that happens to be the highest collected in the history of this Command.

I am aware that the Nigerian Ports Authority (NPA) at a point gave importers incentives and concessions by way of waivers and reduced rent rates so as to attract importers to the Eastern Ports; has this move in any way paid off with regards to the successes you have recorded in this Command?

Definitely that too will be yielding the desired result which I think is part of the reasons why we are succeeding here, but beyond that I think I have a crop of very dedicated officers who are willing to take instructions and do exactly what they expected to do.

We have a crop of clearing agents who are also dedicated because they know if they slow down on their activities, it will impact negatively on the economy and it will impact negatively on the charges they will pay from demurrage to all other charges.

And as a result of this, nobody wants to incur unnecessary costs when it comes to business so they are up and doing and it has paid off.

What has been the motivating factor in the course of your duty in this Command?

Apart from the dedication we

We have broken new grounds in Port Harcourt Customs Command — Warikoru



● Austen Warikoru Customs Area Comptroller, Port Harcourt Area

talked about, we also know that the new Comptroller-General of Customs has been working assiduously to ensure that the life of Customs officers in the service is better than he met it. Because I know that he believes that if the conditions of service are right, officers will definitely do their job.

From time to time when we go to Abuja for meetings and we get to know what the management is doing concerning the welfare of officers, when we come back and pass this information to our officers, it stirs them to more action.

For your information, as we speak, our salaries have been doubled and you can imagine what that will do as virtually every officer is aware of that and that has called for more dedication.

If you have to carry arms as an officer, you can carry more sophisticated ones once you are properly trained.

About 4007 brand new AK47 rifles have been bought by management and are ready for

We have a crop of clearing agents who are also dedicated because they know if they slow down on their activities, it will impact negatively on the economy

distribution.

You can imagine if you go on patrol and you have an AK47 rifle, I am sure you will not be afraid of whatever you are likely to encounter because you know you have a very good war machine that aids you.

Apart that, there are other goodies

that are coming in from Headquarters, I am sure you are aware that senior officers have just taken delivery of their vehicles, the new 407 vehicles that were given, some Comptrollers were recently promoted to Assistant Comptroller-General.

You know the moment a man is promoted that tells you there is room for more officers to move up as long as you do your work and hard work is actually rewarding and we are grateful to the Comptroller-General, he has been able to use his office to get us a good working condition.

He told us that officers that were recently transferred from one point to another got their first 28 days allowance which has never happened, it also tells you that those who got transferred recently will get paid as when due and that is what spurs people to action to do their job with dedication.

We are grateful to the present management team because we just do not talk about our needs, we see them happening.

In other ports there is the issue of fraud, clearing goods with forged Customs papers by agents, have you encountered any of such thing in this Command or are you saying that you are fraud-free here

We may tell you that we are hundred per cent fraud-free because fraud is part of the society, and I have always said that.

But what we do on our own part is to work assiduously to reduce it to the barest minimum. I also said that Port Harcourt is a very unique place, if you go to my Customs Processing Centre (CPC) you will hardly see interaction between my officers and agents, not because they do not come around but because the volume of document they treat is so small and minimal as the case may be that these documents are treated very fast and when this is done you eliminate a lot of unwholesome practice.

This, also coupled with the fact



'Cargo tracking will aid cargo clearance'

—*Customs Comptroller-General*

Godwin ORITSE

Comptroller-General of the Nigeria Customs Service, Alhaji Dikko Abdullahi, has called on Nigerians to support the Federal Government's introduction of the Cargo Tracking Note in the interest of safety, security and prompt clearance of goods at the port.

The Comptroller-General who spoke in his office in Abuja over the weekend said that contrary to wide-held speculations, the CTN will neither increase freight charges nor port cost.

"You see, when we talk about this procedure, the procedure is that we are very much aware about the way cargoes come into the country, actually with some of them not having verification because where government says these are the fiscal policies; these are the laid down rules as regards imports but with this cargo

tracking note, actually, the shipper must tell us what the container is carrying including the documents of this container.

"So one, it will actually assist the customs in knowing what is in the container. It will help us reduce burden of physical examination except where we think we have profiled the container for 100% examination.

"I believe it is very good. I believe it's going to bring much

awareness to the people of Nigeria about what (the importer) is going to bring in terms of security and it will increase our revenue collection because we are going to know how much cargoes or the exact quantity of what is in the container", the Customs boss stated.



● Cargo ship

While calling on members of the Organized Private Sector (OPS) and maritime stakeholders to embrace CTN, Dikko also said that the newly introduced scheme will guard against sharp practices, under-declaration of cargo and concealment by importers.

His words "As a customs officer,

I can bring you the bill of laden but I can tell you that there are no actual content of what the cargo is carrying and that is why we have false declarations. One may tell you that he's carrying used engines, but when we open, we will find he's carrying textile.

"But with the cargo tracking

note, there is no way you are going to say something different from what you are carrying. I believe good and sincere Nigerians should embrace it for our own security. You can see the latest thing that happened to Nigeria; bad luck for us. ■



We have broken new grounds in Port Harcourt Customs Command —*Warikoru*

300 to 400 SGDs (Single Goods Declaration forms) per week. We may end up having 12 SGDs per week or more or less as the case may be.

On an SGD we can generate revenue running over a hundred million and in some cases, it could be as much as N300 million.

So a man coming to pay you a duty of N300 million, you can imagine the cost of any additional charge, he knows what he wants to do, he goes straight for it and gets his goods out of the port as soon as they come in.

So we do not have such issues as

it were, you cannot find somebody with an 'MO' when you are carrying goods of such magnitude because you know you are taking a risk.

You can only do that with a used car not even brand new one, you do not cut corners in the kind of business we do here, it is not

The greatest challenge I have here is the low draft which is about 8.5metres if the channel is dredged to about 12 metres

possible because even before you do it, you will be caught.

What is the level of compliance with ASYCUDA system in your Command?

For the ASYCUDA we do not have any problem here, every officer in the ASYCUDA department as it were today is properly trained, they are conversant with the regime, they know the turf very well and work is done without stress but that does not mean we are 10 per cent perfect, we still experience cases of minor mistakes which are correctable and we correct them, but beyond that, you find that the ASYCUDA system is not a new thing, it has been in existence for a very long time in Nigeria.

Majority of the clearing agents that operate around here also operate in Lagos.

Can you give an insight into the revenue generated from the airport?

Yes from the airport angle and from our calculation, out of every

100% of revenue we generate, airport accounts for about 5% of the revenue.

You must appreciate the fact that we have a lot of oil well drilling equipment and all that.

Have you suffered any form of casualty in the course of your duty here?

Casualty, no if casualty is what we know casualty to be, we do not have any casualty

What is the major challenge you have in this Command?

The greatest challenge I have here is the low draft which is about 8.5metres if the channel is dredged to about 12 metres, then bigger vessels can come in and this will translate to more revenue for the Command. You will find that the congestion in Lagos if there is any because when you fly over Lagos you see a lot of vessels in and around the ports waiting to berth, with a deeper channel some of these vessels can come down to Port Harcourt port. ■

CONTINUED FROM PAGE 38

that the agents here are so dedicated because they run away from demurrage and all these additional cost which is not good for the economy, that makes a lot of things go smoothly here.

Thirdly, the volume of goods we receive. We may not have



● Cargo tracking

'Why government introduced CTN' —Transport Minister

Godwin ORITSE

Transport Minister, Alhaji Ibrahim Isa Bio, has defended the approval for introduction of the Cargo Tracking Note by the Federal Executive Council (FEC).

Speaking with reporters in his office in Abuja, the minister said that the CTN was approved by FEC because it believes that the scheme will impact positively on port operation and the government's fiscal policy.

CTN, the minister said, will also curtail smuggling, under-declaration and other forms of economic sabotage at the point of

entry.

"As for me, I think the CTN is a step further to make our operations at the port safer because from the point of loading of goods to the point of delivery, it has been said that all goods leading to Nigeria; you will know exactly what each container contains. And in the bill of lading, it will be well described. So it will help us to check under-declaration. You know people will under-declare. They will have goods of higher value and tell you they have *tokumbos*. By the time you open, you discover they have brand new cars or exotic textile materials. It will

help us to curtail smuggling because we will now know people who try to conceal the actual content because of the internet. CTN operates with the internet so it is accessible to anybody. For people who smuggle in arms and ammunitions, it will be seen. Any vessel coming to Nigeria is already on the list you see it on the net, the name of the vessel, year of manufacture, the crew name and all other details. And all vessels leaving Nigeria port with the good of export, you'll also see it", the minister said.

He also disclosed that the nation will be shortchanging

itself if it does not implement the CTN in line with global trend.

"Let me give you a brief history of cargo tracking. CTN was introduced by the international community after the September 11 attack. Because terrorists can attack any target not only by aviation, they can also do that through the ships. And then movement of arms and ammunition can also take place majorly through the maritime sector. So CTN is an internationally applicable system of tracking how goods travel from one country to another. I think America introduced that after September 11 and the EU

endorsed it and most countries in Africa have endorsed it and are operating it. Since that was already internationally accepted, whether you are a member of countries that subscribe to it or not, you are paying that amount knowingly or unknowingly to the service provider of CTN.

"If you don't operate CTN, it is to your own disadvantage because whether you like it or not, you have already paid for it and that was the genesis. And we believe that we are losing, so by implication, if we are paying for services that we are not gaining, then why don't we fully subscribe to it?", Bio stated.

The minister said that he had directed the Nigerian Ports Authority (NPA) to engage stakeholders to address areas of concern over the newly introduced scheme.

Various interest groups including the Council for Regulation of Freight Forwarding in Nigeria (CRFFN), the National Association of Government Approved Freight Forwarders (NAGAFF) and the Comptroller-General of the Nigeria Customs Service, Dikko Abdullahi Inde, has called for support for the scheme.

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● Militants



Goodluck Jonathan,
Acting President

Militants give Acting President Jonathan time

THE Movement for Emancipation of the Niger-Delta (MEND) has said it would give Acting President Goodluck Jonathan time to re-start peace talks before deciding whether to begin attacking oil facilities again. Jonathan on Tuesday took over from Umaru Yar'Adua, who has been in a Saudi hospital since November receiving treatment for a heart condition and immediately vowed to revitalize the stalling peace process.

"We will wait and see what the acting president has to offer before we decide on

what actions to take now that the ceasefire has been called off," MEND spokesman, Jomo Gbomo told the German Press Agency in an email.

MEND in late January called off a three-month ceasefire and warned that oil companies should expect an "all-out onslaught."

The group has not yet launched any attacks, and denied any involvement in the sabotage of a Shell pipeline on the same day the ceasefire ended.

Attacks had slashed the West African nation's oil production by about 25 per cent and helped drive up global oil prices before MEND agreed to

We will wait and see what the acting president has to offer before we decide on what actions to take now that the ceasefire has been called off

the ceasefire in October to allow dialogue.

The move came after many of MEND's commanders and rank-and-file soldiers took advantage of a government amnesty to lay down their arms.

MEND says it is fighting for a share of oil revenue for Niger-Delta residents, who complain that multinational oil companies have ruined their agriculture and fishing livelihoods and caused major environmental damage in the delta's creeks.

The group said that the absence of President Umaru Yar'Adua due to illness and his failure to delegate power had

held up talks.

Yar'Adua sparked a constitutional crisis in Nigeria when he did not officially notify parliament of his absence, which would have allowed Vice-President Jonathan to take over automatically.

Instead, it took months of protests and court cases before the National Assembly on Tuesday finally voted to put Goodluck in charge.

Goodluck's first act as president was to get rid of Justice Minister, Michael Aondoakaa, an ally of Yar'Adua and reportedly a key figure in blocking Jonathan from taking over. ■

Mobil Producing Nigeria Unlimited

An **ExxonMobil** Subsidiary

Operator of the NNPC/MPN Joint Venture



Setting the Record Straight

The attention of the Management of Mobil Producing Nigeria Unlimited (MPN) has been drawn to recent print and electronic media coverage of solicitations for investment made by agents of Commandchem Nigeria Limited (CCNL).

The decision of the Court of Appeal on 8 December, 2009 in an appeal (CA/C/15/2009) filed by CCNL appears to be the basis for the solicitation.

As a socially responsible and law abiding Nigerian corporate citizen, MPN would like to state as follows:

- CCNL filed the appeal (CA/C/15/2009) because it was dissatisfied with the judgement of the Federal High Court (FHC) delivered on 28 November, 2008 (FHC/UY/CS/22/2000).
- That in the judgement, **ALL** of CCNL's claims in the suit (FHC/UY/CS/22/2000) were **completely dismissed by the FHC**, particularly:
 - that CCNL's promoter Dr. Uwemedimo invented any patent for MPN;
 - that any contract oral or written between MPN and CCNL or Dr. Uwemedimo;
 - that MPN had violated **ANY** patent owned by CCNL and/or Dr. Uwemedimo;
 - that CCNL and/or Dr. Uwemedimo were entitled to **ANY** payment from MPN
- The Court of Appeal gave its judgement in appeal filed by CCNL (CA/C/15/2009) on 8 December, 2009.
- That decision upheld the prior decision of the FHC and again **completely dismissed CCNL's appeal**. A copy of the enrolled order of the Court of Appeal is reproduced in this publication.
- Again dissatisfied with the result of the appeal, CCNL filed an appeal to the Supreme Court on 21 December 2009. A copy of the Notice and Grounds of Appeal filed on CCNL's behalf by Dr. Tony Ukam is also hereby reproduced.
- Information provided to the media to the effect that the Court of Appeal decided the case in CCNL's favour and that MPN has appealed the decision are **FALSE**
- MPN is confident that the appeal is without legal or factual merit and intends to vigorously defend the appeal at the Supreme Court

MPN is providing this information for the benefit of the general public to better inform them about the facts and status of judicial pronouncements on this matter. Records of the cases mentioned in this publication are public records available at the FHC and Court of Appeal for any member of the public.

MPN confirms its commitment to carry out its operations in a safe, law abiding and socially responsible manner.

IN THE COURT OF APPEAL OF NIGERIA
SHELARAN JUDICIAL DIVISION
HOLDEN AT CALABAR

APPEAL NO. CA/C/15/2009

THIS IS AN APPEAL against the Judgment of the Federal High Court, Uyo Judicial Division presided over by Hon. Justice G. E. Okeu in Suit No. FHC/UY/CS/22/2000 on 28th November, 2008

BETWEEN:

REV. (DR) G.J.A. UWEMEDIMO } - Appellants
COMMANDCHEM (NIG) LTD. }

AND

MOBIL PRODUCING (NIG) UNLIMITED - Respondent

ON TUESDAY, THE EIGHTH DAY OF DECEMBER, 2009

UPON READING THE RECORD OF APPEAL herein and the Briefs of argument filed and exchanged by both parties.

AND AFTER HEARING Dr. Tony Ukam (with his Chief F. A. Bheawaji, H.O. Ugwueke, C. Ignatius-Benazir Esq., Atin Igbo and Stin Okonko Esq.) for the Appellants and Dr. Agimfe Akoko SAN, (with his Chief Mike Odehena, U. Mon, H. Bansey, G. Akpan, H.J. Omode, H. Ali, N. U. Okunnu and A. Adofun) for the Respondent.

Kunle Akintola
J. E. AKINS
PROVINCIAL JUSTICE

IN THE ORDER:

1. The Appeal has no merit and it is hereby dismissed accordingly.
2. The Judgment of the trial Court is hereby affirmed. No Order as to Costs.

10 - 2 - 2010

DEPUTY CHIEF JUSTICE

Stamp: CHIEF JUSTICE, COURT OF APPEAL, CALABAR DIVISION, NIGERIA

Handwritten notes: C-7-C-15-2009, Certified True Copy by me, Michael Nwagbogu, Senior Registrar, BOND RECAL 20081828

IN THE SUPREME COURT OF NIGERIA
HOLDEN AT ABUJA

COURT OF APPEAL NO. CA/C/15/09
SUPREME COURT NO. SC/ 2010

BETWEEN:

1. REV. DR. G. J. UWEMEDIMO }
2. COMMANDCHEM NIG LTD. } APPELLANTS

AND

MOBIL PRODUCING NIG. UNLTD - RESPONDENT

NOTICE AND GROUNDS OF APPEAL

TAKE NOTICE that the Appellants being dissatisfied with the decision of the Court of Appeal, Calabar Division as contained in the decision of the Honourable Justice K.B. Akasha JCA held on Tuesday 8th December, 2009, do hereby appeal to the Supreme Court at Abuja upon the grounds set out in paragraph 3 and will at the hearing of the Appeal seek the relief set out in paragraph 4.

1. The Appellants further state that the names and addresses of the persons directly affected by the appeal are those set out in paragraph 6.
2. PART OF THE DECISION COMPLAINED OF: The refusal to award the royalty and damages claimed having found that the Appellants are true and statutory inventor of the subject Patent, and that their claim is not against public policy.

GROUND ONE

The lower court erred in law when it held that the Appellants did not prove its case sufficiently to entitle them to their claimed royalties/damages.

Notice of Grounds of Appeal filed by the Appellants on 21/12/09

10 - 2 - 2010

DEPUTY CHIEF JUSTICE



Bayelsa legislature task Daewoo on domiciliation

Samuel OYADONGHA

Bayelsa State House of Assembly has tasked the management of Daewoo Nigeria Limited, DN57, operating at Ogu base in Yenagoa to carry out all its fabrication works within the state in line with the local content policy of the Federal Government.

Speaking during a meeting with the management of Daewoo at the Speaker's conference room at the Assembly Complex in Yenagoa, the Chairman, House Committee on Labour, Employment and Productivity, Otobo Noah Opusiri, lamented that Bayelsa indigenes had been denied several employment opportunities, as the companies usually carry out fabrication works outside the state.

Opusiri, representing Nembe Constituency III in the House, specifically warned that his committee will not tolerate companies that engage in practices aimed at denying Bayelsans job opportunities, stressing that the location of a fabrication site in the state would provide employment opportunities for the army of jobless youths in the state.

The committee chairman used the forum to advise other companies engaged in similar construction contracts in the state to do their fabrication jobs within the state, as a way of generating employment for the youths of the state.

He also urged other companies doing business in the state to be proactive in their community relations, noting that so many crises would be averted when companies become sensitive to the plight of their host communities by way of preempting host communities' grievances, with a view to nipping brewing crisis situations in the bud. Opusiri, enjoined the management of Daewoo Nigeria Limited, DN57, to consider qualified Bayelsans for management positions in its operation, adding that it was wrong for companies operating in the state not to consider qualified indigenes for



● Oil workers

management positions.

He warned that his committee would not accept a situation where indigenes of the state would be seen as hewers of firewood and fetchers of water by company managements, saying that there were qualified Bayelsans who could fit into managerial positions in the companies.

The state assembly, he said, had received several complaints in the past concerning discrimination against indigenes working in the companies.

The lawmaker who warned that henceforth, the House Committee on Labour, Employment and Productivity, would investigate community

representatives that short-change their people with names of non-indigenes, added that any community leader engaging in employment racketeering will be arrested and prosecuted. In their separate remarks, Chief Hawkins Kalabo, representing Southern Ijaw Constituency II, Chief Victor Sam-Ateki, representing Brass Constituency I, and Chief Imomotimi Fanama, representing Sagbama Constituency I, advised the management of Daewoo Nigeria, DN57, to comply with the local content policy of the Federal Government. According to the lawmakers who are also members of the committee, strict compliance

with the labour laws of the Federal Government and those of the state, would create harmonious industrial climate for the companies operating in the state.

Earlier, the Construction Manager of Daewoo Nigeria Limited, DN57, Mr. J. G. Jeong, a Korean, had briefed the House Committee on the scope of the company's new project at Ogboinbiri, in Southern Ijaw Local Government Area.

According to Mr. Jeong, the

Development, peace in the N/Delta, a must NDDC boss

Managing Director of the Niger Delta Development Commission, Mr. Chibuzor Ugwoha has again stressed that development in the Niger Delta and engendering sustainable peace in the region is a task that must be done.

Consequently, the NDDC Boss has urged all contractors charged with the responsibility of executing various development projects in the Region to be alive to their responsibilities or will not be forgiven by posterity. Mr. Ugwoha stated this at a meeting with project managers and contractors of the 44 mega projects recently awarded by the Commission.

He said the Niger Delta is in dire need of development and that the contractors in particular have a key role to play in this regard, adding "you have been saddled with the responsibility of bringing about development in the Niger Delta and you can not afford to waste it."

Mr. Ugwoha stated that NDDC has fulfilled all initial contractual obligations in the contract agreement and will not tolerate failure from any contractor. "We have told the whole world that these contracts have been awarded and that we have made payments to you. If there is any form of delay in transforming the Niger Delta, it is no longer NDDC; it is you, the contractors." The NDDC Boss assured that the doors of the Commission would be wide open for the contractors for enquires and advised them to involve the host communities in the execution of the projects to avoid community issues. "Do not bring your workers from all over the world when there are people from the communities who can do the job. You don't expect them to be idle and watch you do your job. You need to employ and engage them" Ugwoha warned. ■



Niger-Delta youths should make good use of this opportunity—Edebiri

PORT HARCOURT: MR Solomon Edebiri is the National President, Nigerian Institute of Welders. In this interview with *Jimitota Onoyume of Sweet crude*, he speaks of the collaboration between his institute and interventionist agencies like Niger-Delta Development Commission and the Petroleum Technology Development Fund (PTDF) to train ten thousand youths in welding skills before 2012.

He expresses the hope that the opportunity would help reduce tension, a product of unemployment and poverty in the Niger-Delta region and other parts of the country. For him, welding as a profession creates automatic job for the man with the skills.

Solomon who was conferred with a national honours (MON) and a Justice of the Peace (JP) at separate times appeals passionately to youths, particularly in the Niger-Delta region, to make good use of the opportunity created by the collaboration to build a secure future for them. According to him, "opportunity they say, comes but once."

Excerpts:

We understand your body is into partnership with some interventionist agencies to reduce tension in the Niger-Delta region. How are you handling this

First we must appreciate the fact that welding is in almost all the

sectors of our economy. You find it in some of the tools for road construction, is in the kitchen, aircraft, chairs and desk you find in schools. Welding like I said is everywhere. As a profession it is itself employable. It provides your daily bread because when you train as welder, you are sure of your meals or daily bread. The Nigerian Institute of Welders is working with the NDDC as one of our counterpart funding agencies to train about 2000 welders within two years. The programme is on course. And the target group is mainly the unemployed youths in the region. This will create jobs for them because at the end of the training, they would turn out to be their own masters. The Nigerian Institute of Welders oversees welding operations in the country. And we are part of the Global Institute of Welding. So we have to make sure welding operations comply with international standard. And that is the kind of training we are giving the boys. They are being trained on welding technology.

NDDC is set now for the next phase. The Board of the NDDC has approved that we train a separate batch of 25 trainers to support us in this project. We are to train this 25 who will then set up different training points in the region to train other youths on the job. The trainers' training starts in March this year. It will end in three months. We will take them to South Africa for part of the training. These trainers at the end of their training like I said, will

assist to train about 2000 welders for 2010. When these 2000 welders are trained, we expect they would get jobs in the oil industry, manufacturing industry, marine maintenance, aeronautic industry, communication industry etc.

We don't want to be importing expatriates all the time to build our mast for us. We don't want to import people to construct ships, pipelines etc for us. We don't want people to maintain aircraft for us. We are training people beyond manual mental art (MMA) welding. We will take them through all the necessary levels of welding so that they can handle all major jobs. Petroleum Technology Development Fund (PTDF) is also into partnership with us to train welders for them. Their trainees would be drawn from all parts of the country. This is different from that of NDDC that its trainees are from the

We don't want to be importing expatriates all the time to build our mast for us. We don't want to import people to construct ships, pipelines etc for us

Niger-Delta region.

Already, a minimum of 500 people are for the first batch of the this programme being organised in partnership with us by the PTDF. And they are to be trained through all the stages of welding as well. We are grouping them into stages. As the first batch of 500 gets through the first stage and move to the next, another batch of 500 will come into the first stage the first batch left. They will be trained at the end of the day on all stages of welding including pipeline welding. PTDF will do this until we turn out the 2500 needed in the oil and gas industry.

We expect that this target of 2500 will be achieved within three years. Once this is achieved, the industry will be well equipped with the right hands.

Besides opportunities in the oil and gas sector, where else can these youths work at the end of their training

I dream of a Nigeria where our equipment will be done here. We are working with UNOPS to build capacity in Delta, Bayelsa and Rivers. At the end of the period, these boys will be good in making agro equipment. And this will turn our farming into semi-mechanised. For instance, farmers can now use a motor bike to till a farm with equipment that will be manufactured locally. I can also use a Pick Up van to till a farm. All these equipment we can construct here. Today, Nigeria is still far behind in semi-mechanised farming.

What has been the response of youths to the project

It has been very good, very positive. But in order to make the programme record more success, we need to do value orientation. Some of the youths need to know that the whole idea is not about paying stipends to trainees. Once we change the value orientation, we will achieve more success. Government and other sectors of society should be part of this effort to change the value orientation. You go all over you see our youths harassing political appointees for money. They don't imagine that is not the best way to eke out a living.

We must also begin to teach the boys entrepreneurship. You must covert startup money you are given into profitable capital. And this will be possible when they have the interest for the job. We don't want the boys to sell the welding machines they are given at the end of their training. When the boys finish their training, they can go into the maintenance industry.

NDDC to partner Pan African health foundations to produce medicals

In pursuant of its desire to bring quality health to the people of the Niger Delta and to create employment for the youths of the region the Niger Delta Development Commission has renewed intention to partner with a world class Auto Disable Syringe manufacturing company on the production of medical equipment.

The Company, Pan African Health Foundations, located in Port Harcourt has the capacity to produce 850 million syringes, one billion needles, 30 million litres of infusion solution and 50 million units of infusion giving sets per annum. Besides, the Company is also capable of generating 2,000 employment opportunities for Niger Delta people. Speaking shortly after a facility visit to the complex, the NDDC Managing Director, Mr. Chibuzor Ugwoha commended the quality of the Company's products, assuring that the Commission was ready to partner with it to ensure the use of standard medical facilities by hospitals and other health institution in the region and the country at large. He said the Commission has been reaching out to the people through its free medical mission to bring improved healthcare service to their door steps and added, "We shall make sure that we do not just deliver drugs to the hospitals but ensure that the right syringes and other equipment are used". Mr. Ugwoha also expressed delight with the employment opportunities abound in the Company, pointing out that NDDC was ready to encourage such companies that are determined to assist in addressing the problem of unemployment in the Niger Delta Region. "We started together with you, we will not abandon you. The Commission had a reason for partnering with you. We must get there," the NDDC Boss assured.



● Nigerian youths



● Children in a charity home

Freemasons donate N400,000 to charity homes in PH

Jimitota ONOYUME

PORT HARCOURT: AN ancient fraternity, the Freemasons has donated four hundred thousand naira to the inmates of the Port Harcourt Compassionate Home at Nkpogu. District Grand Master of Nigeria, Scottish Constitution, Rt. Worshipful, and Bro Dr Adonye

Anye Ibiama Finecountry VI used the occasion of the presentation to advocate for the practice of charity and truth among people in the society.

Urging Nigerians to be their brother's keeper at all times, the District Grand Master said the only way the nation could wipe out corruption and other related vices was for people to practice

social virtue and show love to one another.

Continuing, he said as a body, Freemasons would continue to support any government because as a body, it does not get involved with religious or political discussions. "We do not partake in any religious or political discussion but are led to obey the laws of the land in which we

reside."

Commenting on the essence of the visit to the charity home, the out gone District Grand Master for Rivers/Bayelsa Masonic area, Bro Steve Dapaa-Addo said the gesture to the place was a way to identify with the less privileged. According to him, charity visit usually formed a significant part of events marking the District

Grand Communication.

Matron in charge of the home, Rev Sister Rose Desmond expressed gratitude to Freemasons for the act of kindness and charity, assuring that the money would be judiciously used for the wellbeing of the inmates.

Masons from Nigeria and Ghana attended the District Grand Communication. They included the Grand Master of Ghana, Most Worshipful Bro Charles William Stanley-Piere, the District and Provincial Grand Masters of Nigeria, English and Irish Constitutions, Rt Worshipful Bro Moses Taiga and Alabo T.O Graham Douglas . Highlights of the occasion were the installation of the Deputy District Grand Master of Nigeria, Scottish Constitution, Bro Jonathan T. Banigo and Substitute District Grand Masters, Bro Dr. Rollings Sopirinye Jamabo for Rivers/Bayelsa Masonic Area. ■





● CAN President and Sultan of Sokoto

Group calls for international panel on religious crisis

Jimitota ONOYUME

PORT HARCOURT: The Federal Government has been urged to immediately set up an independent panel with members also drawn from international agencies like the United Nations, Commonwealth and ECOWAS to thoroughly investigate the root cause of religious crisis in the country with a view to addressing the problem.

Speaking weekend in Port Harcourt, Chairman, Rivers State chapter of the Pentecostal Fellowship of Nigeria (PFN), Apostle Zilly Aggrey, said it was

time to permanently resolve the issues at the root of this reoccurring crisis. Continuing, he lamented the wanton destruction of lives and properties in the recent sectarian crisis in Jos.

Apostle Zilly who was flanked by other members of his executive council urged the Federal Government to use the engineering department of the Nigerian army to handle development projects in the Niger-Delta region. He said when that is done, there would be no excuse why government impact should not be felt in the region

Lamenting the deplorable state of roads in the region, the clergy

recalled that in challenging times, the engineering department of the army handled projects in the country. He said the army would have the capacity to provide security while the projects are ongoing.

“It is sad that nearly 50 years of independence, Niger-Delta still has very poor roads. We can’t drive from Calabar to Delta State. We want to drive on smooth roads. The Nigerian army has an engineering department. The Federal Government should engage them to build bridges and roads in this country. Our engineers can do this particularly in this time of peace.”

IF MY EX-GOV WERE JONATHAN

The young man came into the plane with a smile the rest of the passengers didn't care about. Our impression was that he'd held us up with his lateness. Adamantly, he waved apologetically to passengers around him and strapped himself nicely into the aisle seat next to mine. “Sam,” he said, offering his short, pudgy fingers, “I’m a parliamentary lobbyist.” Did we have such crooks in Nigeria, I asked him. “Oh yes,” he responded toothily, ignoring the insult in my question, “you’re looking at one. In fact I’m just coming from addressing the PDP caucus in the House.” This last bit of information got several other passengers interested in him as the angle of crane in more than ten necks favoured his direction. And then he told us this fantastic story which I found interesting enough to present to readers:

“Nigerians should thank their stars the former governor of my state did not make it to the presidency. You know, after his presidential ambition was scuttled by OBJ he started to campaign for the vee pee slot, not having the faintest interest in the position but designing to use it to get to the top which had eluded him through the machinations of OBJ. Let me give you gentlemen a little background information. This former governor was apparently OBJ's most loyal public servant, spending several billions of his state's funds through our firm to actualise his boss' agenda at Congress. At the time it did not occur to OBJ that the governor's loyalty was for a higher purpose than keeping his dogs at the anti-fraud agency off his spendthrift back: the governor killed his people, commissioned militants to straddle some sections of his state, pauperised the state and its people, scared them into praising him for giving them milk and honey when they were truly having scorpions for their nourishment; he got his opponent at the last polls to confess to his sin of running against him; he traveled abroad, bought two planes his people did not need and came back to get the sleepy house of assembly to appropriate the money for the planes *after the fact*. For being so nice to his people they rewarded him at his re-election by casting more votes than the number of registered voters in the state! Such was the level of enthusiasm for the governor's style. The peoples of the state, known for their courage and outspokenness were uncharacteristically cowed into silence. *Jack the ripper* had taken residence in their most hallowed real estate.

“What awakened OBJ to the reality in the state was his discovery of the double role the governor played in the tenure elongation saga, especially, the realisation that the role was played for the actualisation of the latter's own presidential ambition. While OBJ and his acolytes were receiving heavy funding from the governor, some sections of the press were also receiving funding to thwart it. Fortunately for Nigeria, OBJ, vengeful as any conceited 'saviour' would be, got his security apparatus to prepare fat dossiers on the unsuspecting governor. Those dossiers, coupled with the discovery that ninety per cent of the hotels at their party's convention and ninety per cent of the delegates from the North had been 'reserved' for the benefit of the governor, gave OBJ the fillip to finally banish the little man's presidential ambition. Enter his attempt to pick up the vee pee slot. No way, OBJ asserted. Ah Umaru, I will not keep a rattle snake under your bed! Instead a quiet, unassuming school teacher emerged as the party's vee pee candidate. The rest is history.

“My ex-gov is a small fellow but had he been Jonathan, he would have gone to the Saudi Arabia clinic with Churai, unplugged the life support structures, personally pressed out the residue of life and oxygen from the president's lungs and returned with the lady as his official deputy. For only three months! Time within which to serve her Abiola tea or Abacha apples. In fact the president would not have visited Katsina State without handing over to him and if he had dared to do that, my ex-gov would have sent Tekes Tomasi to finish him off there. Whatever else he would or would not have done, if my ex-gov were Jonathan, he would have been president one year ago.”

The young man finished his story and looked round at the inquisitive eyes filled with questions for him before he released the shocker. “Gentlemen, my story is a fictional one. I wanted to entertain you for holding up the plane. Any resemblance between the characters in my story and real persons is merely coincidental and I regret any inconvenience to them. I sincerely hope you enjoyed it.” With these words the parliamentary lobbyist rested his head and slept off the rest of the flight. It was 7.15pm when we landed. At Port Harcourt!

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