

Delta gangs are to blame, says Shell

Pollution has scarred its reputation but the oil giant is fighting back, says **Tim Webb** in the first of two reports

Several hundred feet below, what appear to be four burnt crop circles appear through the mist of the Niger Delta. Empty oil drums lie strewn around the burnt vegetation clearly distinguishable from the surrounding bush. A Shell official points enthusiastically out of the helicopter window to *The Times*, the first British newspaper to be taken on an official tour of the company's vast — and controversial — operations in the Delta since the mid-1990s.

The scene is evidence, Shell says, of illegal bunkering — the practice by criminal gangs of siphoning oil from its 10,000km network of pipelines to sell on the black market. The company estimates that at least 100,000 barrels of oil are stolen in this way every day in Nigeria. It is not clear who carried out this apparent theft, visible after a 15-minute helicopter journey up the Delta from the city of Port Harcourt, or when.

Shell says that about 80 per cent of recent recorded spills are caused by such bunkering gangs, militants and saboteurs. Critics blame most of the pollution on Shell for not replacing leak-

down, menace hangs in the air. Two soldiers with machineguns stare out into the Gulf of Guinea. An armoured personnel carrier is parked behind them. To underscore the threat of militant attack, visitors to Shell's oil facilities in the region are notified that two different types of alarms may be sounded: one for immediate evacuation; another signalling that workers must remain inside the compound, stay away from windows and take cover to avoid bullets.

About 450km (280 miles) northwest of Port Harcourt, at the Agbada flow station under a tin shed, half a dozen large machines installed in the 1960s are pumping about 40,000 barrels of oil and water each day to Bonny. Painted a shade of dark green reminiscent of the Army, the machines are as old as the flow station itself, one of eighty-seven in the Delta. Lizards with purple heads scurry underneath the patchwork of pipes from 48 wells that feed into the facility. An old-fashioned pressure gauge attached to each pipeline is supposed to indicate whether there is a leak somewhere down the line.

Shell says that in the past two years it has replaced 450km of pipelines, or about 5 per cent of its total network, but it does not provide figures going further back. The maintenance work is expensive; Shell says that one 97km stretch of pipeline cost \$800 million (£500 million) to replace.

Based on its share of the joint venture, the Nigerian Government is expected to contribute 55 per cent of all costs, but it is notoriously reluctant to do so. Shell admits that its \$3 billion programme to stop gas flaring in

Nigeria has been held up by such "funding issues".

It denies that the refusal of the Government to pay its share is responsible for any leaking pipes not being replaced, insisting that most spills are caused by sabotage. Mutiu Sunmonu, the Nigeria chairman for Shell, said: "It's counter-intuitive for an oil company to prefer to spill rather than put oil in the tank."

Nigeria is ranked 134th out of 178 in a corruption index compiled by Transparency International. Shell talks obliquely about corruption and the dysfunctionality of the system, in which it says the Government is largely absent.

There are few police and soldiers to protect its pipelines, which is why it employs 9,000 local youths to look for spills. It says that poverty is fuelling militant attacks on its facilities.

Shell differs with non-governmental organisations over the causes of poverty. NGOs say that fishing and agriculture, the two economic main-

\$1.25

the maximum daily wage for two thirds of Nigerians

Source: World Bank

stays for communities in the Delta, are no longer viable in many places as a result of oil spills. Shell has tried to improve transparency, for example by publishing its environmental assessment reports online, but government officials regard this as a criticism of the reliability of their own reports.

Shell vehemently denies that it benefits from, or is part of, the dysfunctionality that exists in Nigeria. However, Kola Aluko, deputy chief executive of the Nigerian independent oil

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They benefited from corruption by not having to address problems at the time

ing pipelines, many of which date back to the 1960s.

The helicopter's destination is the Shell-operated Bonny terminal, where tankers collect about half the country's oil output for export. When it touches



company Seven Energy, says: "In the past they have been the biggest benefactors of corruption by not having to address environmental problems at the time."

Big business

Nigeria produces just over two million barrels per day, on a par with Iraq. Shell began commercial exports from the country in 1958 and has dominated the industry ever since.

Its subsidiary, Shell Petroleum Development Company, operates and owns 30 per cent of the joint venture responsible for about half the country's output. The Nigerian Government, through the state-owned Nigerian National Petroleum Corporation, owns 55 per cent. Total and Agip own the rest.

Last year about 400,000 barrels per day – more than a tenth of Shell's total production – came from Nigeria, a big improvement on 2009, when a surge in militant attacks on its facilities halved production. Shell has said this year that six of thirty projects being considered were in Nigeria, signalling the improvement in conditions.

Listening to the experts is not always the popular choice

Behind the story Tim Webb

According to the United Nations, an estimated three million barrels of oil were spilt in Nigeria between 1976 and 2001. It will soon publish its eagerly awaited study on the impact of oil pollution in Ogoniland, a strife-torn region of the Niger Delta.

Amnesty International estimates that as many as 13 million barrels have been spilt over the past 50 years. Shell disputes these estimates.

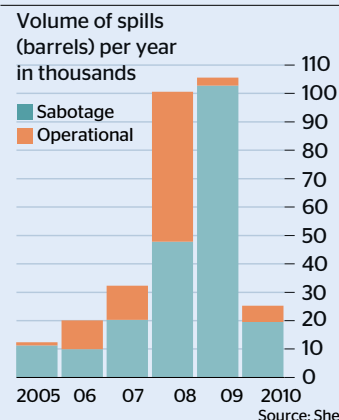
Proving how many spills have taken place — and their cause — is "quite horrible", admits Patrick Naagbantou, co-ordinator of the Centre for Environment, Human Rights and Development, a Nigerian non-governmental organisation.

In a country where the Government is often absent, weak or corrupt, for years there has been little or no genuinely independent monitoring of spills. The official data that exists is mostly based on figures provided by companies.

Shell argues that NGOs such as Amnesty allow themselves to be manipulated by local communities. It says that it is in the interests of communities to argue that spills are caused by faulty pipelines rather than sabotage.

The company is liable to pay compensation only if it is determined that it is responsible for the spill. Shell officials also claim

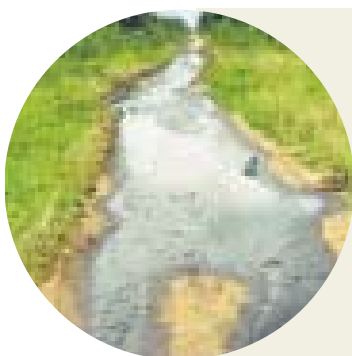
Going to waste



that communities exaggerate the extent of spills to increase the size of any payout and, more importantly, the value of any clean-up contract that they hope will come their way.

Mutiu Sunmonu, Nigeria country chairman and managing director of the Shell Petroleum Development Company of Nigeria, said that the company should receive a fairer hearing: "They [Amnesty] sit in an office in London and listen to community chiefs. When the chiefs see a white face they say to themselves: 'We're going to force Shell to pay compensation.' Amnesty just swallows it. Who would you believe — a community leader or an oil company with all the experts?"

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Leaks have been held responsible for harming agriculture and fishing in the Niger Delta but Shell says it is forced to employ local youths to protect its pipelines