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# The Nigerian State, oil multinationals and the environment: A case study of Shell Petroleum Development Company (SPDC)

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The paper evaluates the environmental performance of SPDC and the Nigerian State in ensuring improved environmental quality. It x-rays the company's efforts and the role of the state in safeguarding the environment. Using descriptive method of data gathering, the paper reveals the negative consequences of oil exploration – agricultural land degradation, air and water pollution. The environmental policies of SPDC and the state are below expectations given the huge earnings from oil. The activities of SPDC in the Niger Delta had left a balance sheet of ecological disaster. The state has been collaborating with the oil firms to unleash violence on the oil bearing communities. Among others, it is recommended that the state should enact effective and strict anti – pollution laws that would force the oil firms to ensure sound and healthy environmental practices.

**Key words:** Environmental degradation, oil multinationals, sustainable development, environmental remediation.

## INTRODUCTION

Nigeria is endowed with crude oil and natural gas. These minerals are explored in the Niger-Delta region of the country by SPDC and other oil firms such as Chevron-Texaco, Agip, Exxon Mobil, Total Elf and Addax. The Niger-Delta region geographically comprises six states: Edo, Delta, Bayelsa, Rivers, Akwa Ibom and Cross River. But politically, Ondo State in the South west and two states in the South east have been included. Before the discovery of crude oil, the region was famous for fishing and farming. But the attendant pollution due to oil exploration has shattered the people's occupation. Some of the major tribes in the area include: Ijaw, Urhobo, Itsekiri, Isoko, Ilaje, Bini, Kwale, Calabari, Ogoni, Ikwere,

and Adoni. Others are Ogoja, Efik etc. SPDC is the oldest and largest oil firm in Nigeria, having started operation since 1937, drilling its first oil well at Oloibiri in present day Bayelsa State on June 12, 1956. It operates a joint venture involving Nigerian National Petroleum Corporation: NNPC, 55%; Shell, 30%; Elf, 10% and Agip, 5%.

SPDC's operations in the Niger-Delta cover some 70,000 square kilometers and include a network of over 6,000 kilometers of flow lines and pipelines, 1,000 producing wells, 87 flow stations, 16 gas plants and 2 major oil export terminals at Bonny and Forcados (SPDC Annual Reports, 2005). The process of exploring crude

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oil causes pollution to the environment thereby disrupting the people's traditional occupations of fishing and farming in the Niger-Delta region (Onyenwenwe, 2000). Oil industry activities have continued to pose serious environmental problems affecting health, sustainable development and ecological balance. According to Iyoha (2002:5), the main environmental effects of oil industry activities include land degradation, air pollution, deforestation and water pollution etc. Oil or chemical spillage pollutes the water and degrades the land. The sources of water in the riverine communities are contaminated and aquatic life endangered. The polluted farmland produces poor yield (Adebola, 2007:6) Similar studies that have highlighted these negative effects of oil exploration include those by Jike (2004) Awobanjo (1981), Orubu (2002) Worgu (2000), Shah (1999) etc. Shah notes that oil exploration activities in the Niger-Delta had threatened the livelihood of most communities due to many forms of oil-related environmental pollution which had displaced farmers and fishermen. Worgu (2005) highlights the negative effects of oil exploration to include the following: contamination of streams and rivers, effluent discharge, forest destruction and biodiversity loss etc. Jike (2004) argues that exploitative tendencies of oil firms in plundering for fossil fuel had truncated the sustainability of the Niger-Delta environment. This leads to the research question of whether the environmental remediation efforts of the state and oil firms in the Niger Delta are adequate or not.

## THEORETICAL FRAMEWORK

The post colonial state theory propounded by Saul (1988) is very suitable for the study. Despite the status of an independent state, Nigeria still looks up to the Western World for direction. This dependent position of Nigeria has made it to be susceptible and vulnerable to the machinations of the western metropolitan countries from where the multinational oil firms come. The oil firms determine production, accumulation, exploitation and politics in the third world. Because Nigeria is a weak state it is held hostage by powerful economic interests from the west such as the oil firms. One manifestation of this weakness and dependence is the inability of the Nigerian state to extract its abundant oil and gas resources without relying on the foreign oil firms. The NNPC is in joint venture with the oil firms -a fact which makes it difficult for the state to enforce environmental standards.

The Nigerian state is so weak that it has been doing the bidding of the multinational oil firms, hence the military and the police are still being used to subdue the host communities who protest against the degradation of their environment. The weakness of the Nigeria state also accounts for why the oil firms have a tendency of growing so large and powerful that they end up making rules that they are supposed to obey and government agencies become captives of the very oil firms they are supposed

to regulate (Parenti,1978). The state adopts the objectives of the oil firms as its own objectives by ensuring a conducive environment for them. Thus any threat to the oil firms by oil producing communities is seen as a threat to the Nigerian state. This relationship seems to suggest that the Nigerian state has been privatized by the oil firms. There is a cozy romance between the state and the oil firms. The regulating agencies in Nigeria such as Department of Petroleum Resources (DPR), Federal Environmental Protection Agency (FEPA) depend on oil firms for logistics in doing their job. This has turned them to be rubber stamps. Some of the oil firms have connived with the state in deploying violence against protesting host communities. The post-colonial theory therefore enables the author to examine the unchecked environmental devastation of the Niger Delta region by the oil firms.

## METHODOLOGY

Using descriptive method, the author visited SPDC website, consulted textbooks, SPDC magazines, and embarked on fieldwork to the company oil fields for physical observation to gather data. Data analysis involves the comparison between what is on paper (SPDC magazines and website) and what is observed in reality to support the assumption that the state and SPDC have not performed very well in remediating the damaged environment and in improving the quality of life in the oil bearing communities.

### SPDC efforts to safeguard the environment

SPDC has set up a department saddled with the task of managing oil and chemical spillage. The department is called Oil Spill Response Team (OSRT). If spillage occurs, the department would visit the scene and contain the spread of crude to other area with a boom. The next stage is the joint investigation visit (JIV) to ascertain the cause of spill which may either be equipment failure or sabotage and the impact on the environment. The JIV team comprises company staff, community representatives, representative(s) of Nigerian Police Force (NPF) and DPR officials. Thereafter, cleaning and remediation will take place .

An Environmental Impact Assessment (EIA) is carried out by SPDC to manage the hazards and impacts of operations on the natural, social and health components of the environment. It is a process of predicting the future consequences of a proposed project. It is done before executing any project.

SPDC is also involved in remediation activities. Remediation of land refers to the restoration of the quality of the land after degradation. It is one of the standards for the petroleum industry in Nigeria as specified by FEPA. Any land affected by oil or chemical spill must be rehabilitated in order for it to repossess its resilient capacity. SPDC recycles waste at Jeddo compost facility in Delta State. The manure got from this facility is applied to degraded land to restore its fertility. SPDC had endowed a Professorial Chair in the Institute of Pollution Studies, Rivers State University of Science and Technology, Port Harcourt ([www.rsust.edu.ng](http://www.rsust.edu.ng)).

Owing to the persistent complaints from Niger Deltans about the harmful effects of gas flaring on their lives and coupled with the condemnation by the International Community because of its global warming potential, SPDC had embarked on projects aimed at eliminating gas flaring. A key component of this program is the Nigeria Liquefied Natural Gas (NLNG) project that exports gas to overseas markets. Other projects that will help use the gas include a new LNG ventures at Olokola in Rivers State and all the new

power projects in several parts of the country. There are other associated gas gathering projects (AGG) that will gather gas from over 1,000 wells. A field work to some SPDC oil fields in 2008 confirmed the existence of these projects. The company had spent about 3 billion dollars in the last 8 years on gas gathering projects (SPDC Reports, 2006), ([www.shell.com](http://www.shell.com)).

In SPDC, waste management is incorporated into the Health, Safety and Environment (HSE) management system for every facility. The aim is to reduce the impact of operation on the environment by treating and disposing of waste products in accordance with relevant regulatory requirements. SPDC has two recyclable waste depots, one in Warri and the other in Port Harcourt which serve as transit centers for all recyclable wastes generated from residential areas, canteens, and outstations. Organic wastes are converted into manure used for remediating polluted lands, as noted earlier.

SPDC recognizes the importance of biodiversity, hence it is seeking partnership to enable it make a positive contribution towards the conservation of global biodiversity ([www.shell.com](http://www.shell.com)). The company signed biodiversity agreements to protect forest reserves at Gilli-Gilli and Urhoniobe, partnering with the state and local government of Edo State, the Oba of Benin and the Nigerian Conservation Foundation. The Foundation had started managing the project with an initial grant from SPDC since 2006.

The formation of environmental conservation clubs in host communities is another strategy adopted by SPDC to promote environmental awareness and education. This initiative kicked off in 1991 and presently, there are 95 participating schools across the Niger Delta States. The clubs activities include environmental awareness, talk shops, lectures, debates and essay writing competition.

### Criticisms of SPDC policies

A study by Moffat and Olof (1995) disagrees with the SPDC environmental friendly posture. Contrary to the propaganda of SPDC and other oil firms on how much they have invested in the Niger Delta region, there is the absence of SPDC accountability to local communities and very limited communication with them, combined with inadequate compensation and social development programmes. In spite of the huge earnings from oil, the impact of SPDC initiatives to improve quality of life in the host communities has been minimal. Host communities obtain few benefits from oil and yet required to shoulder the environmental cost of exploration activities.

The study emphasizes that there is a direct correlation between the activities of the company and environmental degradation. There is direct cause and effect relationship between oil development and decline in fishing and farming. SPDC programmes have little or no positive impact on the host communities. This becomes clearer from the experience of Oloibiri, where SPDC discovered oil in 1956, which is now a ghost town.

The destruction of Niger Delta ecology as a result of oil exploration and exploitation was also confirmed by the Oil Mineral Producing Area Development Commission (OMPADEC) quarterly report of 1993. The report noted the difficulties inflicted on the people of Gbaran community in Bayelsa State during the construction of roads awarded to Wilbros Eng. Ltd by SPDC. The construction of the oil field roads blocked natural drainages which led to the destruction of several fish ponds among other things. Was Environmental Impact Assessment carried out? The answer is no. Several law suits have been filed against SPDC at the Yenogoa High Court (Etekpe, 2007:166). The environmental conditions captured in the report have not been improved upon significantly up till today.

SPDC has been severally criticized for impairing the Niger Delta environment. One of such critics is Van Dessel, a Dutch who

resigned in protest as the Head of Environmental Study Unit in SPDC. He accused SPDC of adopting different standards in Nigeria, contrary to its practice in other parts of the world. This may be due to the weakness of the Nigerian State. SPDC uses incinerators to burn wastes, but in Nigeria the wastes from spillage are deposited in a large trench. By this crude method, the land is lost forever (Human Rights Watch, 1999:62). Whenever it rains the underground water forces the crude oil to the surface and poisons the earth. Even Brian Anderson, former SPDC chief executive in Nigeria admitted this problem with wastes burial. In the area of gas flaring, Van Dessel argued that in other countries, the practice is that SPDC injects sufficient oxygen into the pipeline so that what emerges is a bluish orange flame like the flame of a cooking gas.

SPDC flares 78% of its total gas production in Nigeria but does not adopt this method. Because of the lack of commitment to the restoration of the environment by SPDC, Van Dessel had to resign his appointment in Shell Nigeria. He said his professional and personal integrity were at stake. In March 1996, he appeared on British Television and said that it was clear to him that Shell was devastating the area (Berkeley citizen.org, 2007). In order to make more money by the oil firms, everything is compromised including the lives and livelihood of the people as well as the environment. The people are therefore subjected to life threatening pollution (Ake, 1996:23). In 2005, a field work to Odidi and Opukwushi flow stations operated by SPDC revealed that human faeces were flushed from the residential houseboats into the river which is the only source of water for the host communities, while SPDC workers drank bottled water.

Severe air and water pollution and land degradation characterize the Niger Delta region. The inhabitants live in squalor. Oil exploration/exploitation is poisoning the waters of this country and destroying vegetation and agricultural land. More than 50 years ago when oil exploration began, there has been no concerted and effective effort on the part of oil firms and the state to solve environmental problems associated with the industry (NNPC Report, 1983). These deplorable conditions have not been adequately addressed by the oil firms and the state up till today. It is sad to note that the UNEP Report is yet to be implemented in Niger Delta.

Shell has been deceiving Nigerians that it is providing infrastructure such as cottage clinics, potable water, roads and electricity etc for host communities from its profits. This is not correct. Whatever SPDC is spending for community development is calculated as cost of production which is also borne by the state. The real profit from the joint venture is taken abroad. Any community development project must be approved by National Petroleum Investment Management Services (NAPIMS), an arm of NNPC, before it is executed by any oil firm in Nigeria. This approval would not have been necessary if the oil firms use their profits for community development. SPDC is selling all its oil fields on land and swamp to local investors and moving to deep offshore. SPDC is not heeding the call for local content but only trying to go to where it will pollute the environment without paying compensation and carrying out remediation. No oil bearing community can access deep offshore.

### The role of the state in protecting the environment / repression of oil communities

Ever since the search for oil commenced, legislations were passed by the federal government to control various petroleum activities in order to ensure an improved environmental quality. Some of these regulations include the following:

- 1.The petroleum production Act 1967
- 2.Oil pipelines Act 1958
- 3.Gas Re-injection Decree 1979
- 4.Minerals Act 1958

5. Public Health Act 1958
6. Mineral Oil Safety Regulations 1963
7. Oil Pollution Act 1990
8. The Federal Environmental Protection Agency (FEPA) Decree 1988
9. The National Effluent Limitation Regulations 1991
10. The Pollutions Abatement in Industries 1991
11. The Environmental Impact Assessment (EIA) Decree 1992
12. The Oil Mineral Producing Area Development Commission (OMPADEC) 1992
13. The Petroleum Trust Fund (PTF) 1994
14. The Niger Delta Development Commission (NDDC) Act 2000 etc.

Despite all these, the environment has been degraded by petroleum exploration activities. The state has failed to enforce these regulations. Some of these laws do not make sense; for instance, the gas re-injection decree 1979 stipulates a fine of 10 US Cents per 1, 000 standard cubic ft of gas flared. This is against the 10 US Dollars fine paid in the Western world (Chijioke, 2002). To worsen the present state of environmental decay, the Federal Government, through the then minister of environment, Mr. John Odey, said that there was no terminal date for gas flaring in Nigeria.

The state's regulating agencies in the oil industry – DPR and FEPA are underfunded to meet the challenges of the industry. They lack the necessary logistics for their operations. They rely on the oil firms for logistics such as aircraft, boat and well equipped laboratories. The interventionist agency of the state such as Niger Delta Development Commission (NDDC) has not improved the condition of life in the Niger Delta region because of wide spread corruption in the polity. Funds allocated to it are allegedly diverted into private accounts. The scam involving the former chairman of the NDDC who allegedly used a billion naira to prepare a charm to kill a governor of his state is a good example.

The state lacks the autonomy probably because of its weakness, to effectively pursue the interest of its citizens. Its political and economic institutions are controlled by external market forces which negate the well-being of the state and its citizens only to enhance the financial success of the oil firms within its borders (Olorode, 2000). For instance, what did the Nigerian state do in 2001 when a devastating spillage occurred in Akwa Ibom State from Mobil operations that prompted the World Council of Mayors to undertake an environmental tour of the state? What did the Nigerian state do when some Nigerian contract staff of SPDC were roasted alive at Iriama village near Sapele in Delta State in 2009 when the company was working on a spilled site? The whole world saw what President Obama did when the spillage occurred in the Gulf of Mexico in USA. He ensured the right thing was done by British Petroleum and the affected people were adequately compensated. If it was in Nigeria, the greedy government officials would have connived with the oil company to enrich themselves at the detriment of the affected host community. Consequently, we often see the state going into alliance with the oil firms against their host communities, allowing the interests of the multinationals to supersede the civic and fundamental human rights of Nigerians in the oil producing areas, displacing right to properties, livelihood and culture (Odia, 2000:69). Any protest by oil bearing communities is normally put off by the coercive agents of the state. Oil producing communities are therefore constantly brutalized by the state. The state's presence in the oil producing communities is mainly represented by its instruments of violence such as police and military stations.

The struggle of the oil bearing communities to redress the devastation of their environment has led to bitter conflicts with the central authority. The Niger Delta has been in turmoil since the 1990s when the Ogoni people began leading the struggle to change the relationship between the oil producing communities and the state. The state, especially during Abacha and Obasanjo regimes,

between 1993 and 2007 adopted military option in resolving conflicts in the Niger Delta. Examples include the crises in Ogoni (1989), Umuechen (1991), Ilaje (1998), Odi (1999) and Odioma (2005). At present, a special unit of the military, JTF, had been set up to apply maximum military force against the host communities by the oil firms (Etekpe, 2007:194)

The powerful collaboration between SPDC and the state had led to numerous human rights violations, including summary execution, beatings, arrests, unfair trials and detention. All these Machiavellian tactics are employed in order to ensure a steady flow of oil as it is the major source of revenue for the state and its predatory elite that see the commodity as God – sent and see themselves as unaccountable to the communities (Wale, 2001:2). The Movement for the Survival of the Ogoni People (MOSOP) has maintained for years that in addition to the environmental damage that has resulted from SPDC operations, the company has financed military operations in Ogoni, bought arms for soldiers, bribed witnesses at Ken Saro Wiwa's trial and provided logistics for military operations with the collaboration of the state. Today, SPDC quietly admits to the charges except the bribing of witnesses (Berkley citizen.org, 2007:2).

In January 1996, reporters uncovered SPDC documents requesting weapons upgrade for the Nigerian police. The company's spokesman, Erick Nickson, confirmed the purchase, but insisted that the weapons were to be used in guarding the company's facilities. In November 1996, SPDC admitted paying allowance and providing logistics to the military (Ibid:5)

The right of the people of the Niger Delta to a clean environment has been grossly violated by the state and oil firms just to ensure uninterrupted export of crude oil. There is a symbiotic relationship between the Nigerian state and the oil firms who grease the palms of the powers that be. The oil firms are assassins in foreign land. They drill and kill in Nigeria, (Oronto, 2004, A Corp Watch Radio Interview). In corroborating Oronto's view, Mr. N. Achebe, while still serving in SPDC, stated that a commercial company trying to make investments needed a stable environment which only dictatorship can give.

There have been many clear examples of corporate influence in the Nigerian Military repressing the oil communities. SPDC had faced harsh criticism for the manner it has been handling conflicts in Niger Delta. Both the state and oil firms have deliberately instigated communities against each other so as to keep them divided, weak and distracted from the real causes of their problems. This is done to give the façade that the crisis in the region is primarily ethnic. For instance, Chevron allegedly paid the sum of N15 million to a particular ethnic group to exterminate the Ilaje people (Raji et al., 2000:145). The hostile responses of the state and the oil firms had made the oil bearing communities to conclude that the oil firms have connived with the state to wage war of economic exploitation, environmental degradation and the institution of internal colonialism (Olufemi, 1999).

Consequently, the youths in the region mobilized themselves into militant organizations, committed to the use of violence to address all the injustices meted to them, and in the words of Oronto Douglas, to achieve cultural change and free the people of Niger Delta from decades of environmental pollution, political oppression, unjust and archaic socio – economic structures. Although the late president Musa Yar'Adua declared amnesty in which the militants surrendered their arms, the pollution of the Niger Delta is still on and the infrastructural development of the region is yet to take off. The amnesty may not therefore produce the desired result. One would have expected that by now, Julius Berger, the construction giant would have started construction works in the region.

## FINDINGS

The state and SPDC have not done very well in terms of

environmental remediation and improvement in quality of life in oil bearing communities. The inhabitants of riverine communities are seriously faced with the problems of shore protection and drinkable water. Pollution has disrupted their occupations: fishing and farming. The fishes have been killed by oil spill and the degraded land is producing poor yield. Most of the oil communities have no good roads, no electricity and good hospitals. Oloibiri in Bayelsa State is the first community where oil was discovered and exploited by SPDC in the 60s. Today, it is a ghost town as there is no amenity to show for it. This is a national shame. The Iriama incident that consumed several lives was due to poor handling of the situation by SPDC. The state did not say or do anything unlike President Obama of US who ensured that the right thing was done when devastating spillage occurred in the Gulf of Mexico. The state did not do anything when a devastating spillage took place in Akwa Ibom State.

The laws regulating the industry have not been enforced to the letter and the interventionist agency is not performing as expected due to alleged corruption and poor technical capacity. SPDC and the state have been in an unholy alliance in deploying violence against the oil bearing communities that protest against the ecological disaster.

It is obvious that the state and SPDC have failed in ensuring an improved environmental quality and the living standard in the oil communities.

## CONCLUSION AND RECOMMENDATIONS

An attempt has been made to identify the impact of oil exploration on the environment. The negative consequences include: agricultural land degradation, air and water pollution. SPDC's oil exploration activities inflict damage on the Niger Delta environment. It plays double standards in its policies on the environment: what the company does in other countries differs from its policies in Nigeria. SPDC is therefore, not serious with the restoration of the Niger Delta environment. SPDC is selling all its oil fields on land and on swamp to deceive Nigerians that it is heeding the call for local content or indigenous participation in the oil industry. The real motive is for SPDC to go into deep offshore where it can pollute the environment mindlessly without paying compensation and carrying out remediation.

The state has also failed in addressing the environmental problems in the Niger Delta despite the huge earning she gets from the oil. The state is in alliance with the oil firms to deploy violence against the oil bearing communities. Some few privileged Niger Deltans are in negative collaboration with the multinationals and government to arrest meaningful development within the region. It is therefore recommended that:

1. The state should enact effective and strict anti-pollution laws that would propel the oil firms to ensure sound and

healthy environmental practices.

2. The state and the oil firms must plan for an aggressive infrastructural development of the Niger Delta region. What took place in Lagos and Abuja should be replicated in the Niger Delta.

3. The existing environmental laws should be amended in order to be in consonance with the present reality and international standards.

4. The oil firms must adhere to international environmental standards to show their commitment to protecting nature. Again, they must be re-oriented in their focus to avoid concentrating too much on improving their public relations

5. The state should increase the funding of the agencies that monitor the oil industry such as DPR and FEPA to enable them acquire the necessary equipment like helicopters, boats and laboratory etc, needed for their operations to avoid relying on the oil firms, and these agencies should not compromise their integrity.

## Conflict of Interests

The author has not declared any conflict of interest.

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