



Oil Exploration in Nigeria and its Socio-Economic Impact in Ogba/Egbema/Ndoni Local Government Area, Rivers State

H. A. Ajie

*Department of Economics
Faculty of Social Sciences
University of Port Harcourt
Port Harcourt*

ABSTRACT

The oil industry is perhaps one of the largest and most important industries in the world particularly in Nigeria. Through its wide areas of operations, native of product demand and international network of operations, the industry affects almost every country in the world. As a result, a day hardly passes without oil being mentioned in the news. CNN is very handy in giving an update on world oil, prices on a daily basis. The industry has bestowed great financial power on oil producing nations, some of which belong to the third world, Nigeria, said Iran and Iraq to mention but a few. This new found financial power has posed a serious challenge to the ability of the Third world oil producers to evolve and execute sustainable development strategies designed to accelerate the pace of economic development. While Nigerian leaders (past and present) recognize the dominant role of petroleum in the Nigerian Economy and are therefore eager to exploit the resources, the development of oil producing communities either by the Government or the oil companies continue to be something that can only be imagined than perceived.

INTRODUCTION

Today, people no longer enter into argument whether petroleum production activities have adverse effects on the overall economies of oil producing communities. It is a well known fact that oil production and prospecting activities render farmers and fishermen useless or inactive without alternative source of livelihood. Thus oil companies on their part often pay compensation to land owners for crops and damaged structures. However, compensation by its nature (usually cash) has proved to be inadequate in sustaining the livelihood of farmers whose main means of subsistence is hampered. In addition to compensation, oil producing communities solicit with oil companies to provide such amenities as roads, electricity, pipe-borne water, classrooms and libraries, scholarships and employment opportunities to the youths.

Oil Exploration in Nigeria

Rural economic development is the main aim of rural dwellers, including petroleum bearing communities and the people look up to oil as a means of providing better standard of living. It is therefore evident that anything short of development and sustainable projects which will ensure rural economic development aimed at satisfying the economic needs of the millions of rural populace will be considered inadequate. This is because oil producing communities experience environmental degradation/hazards emanating from environmental pollution as a result of oil production, exploration, exploitation and other related activities.

Our desire however is that proceeds from the oil production should be used in transforming the living condition of the people on a permanently improved basis through the process of sustainable rural economic development strategies. This philosophy is captured by the fact that sustainable Economic Growth/Development” is not a cluster of benefits given to people in need but rather a process by which a people acquire greater mastery over its own destiny. But the most serious problem encountered in the development of oil bearing communities is how to ensure the sustainable/guaranteed rural economic development through the direct participation of oil producing companies.

Result of previous studies conducted by us has shown that the extent to which oil bearing communities are developed by oil companies is a direct function of the extent to which the rural people make representations, confrontations, conflicts and or seizure of oil workers and their equipments.

The objective of this paper therefore is to examine the extent to which oil companies operating in the Niger Delta region have impacted positively or negatively on the socio-economic development of the region.

Oil Exploration in Nigeria and its Socio-Economic Impact in Niger Delta Region

Oil prospecting in Nigeria began in 1908, when a German Company, the Nigerian Bitumen Corporation started exploration in Araromi area of present day Ondo State. Their pioneering efforts, however, ended with the outbreak of the First World War in 1914. In 1937, oil prospecting resumed in Nigeria when Shell D’ Arcy (the fore-runner of present Shell Petroleum Development Company of Nigeria) was awarded the sole concessionary right covering the whole of Nigeria. Their activities were also interrupted by the Second World War. However, Shell D’ Arcy’s activities resumed in 1947. It was in 1956, that oil was discovered in commercial quantities at Oloibiri in present Bayelsa State, after several years of search and investment of over ₦30 million. Shell started oil production and export from its Olobiri field in 1958. Nigeria attained the status of a major producer, ranking seventh in the world by 1972. At a production rate of 5100 barrels of crude oil per day. The quantity doubled the following year. Nigeria has since grown to become one of largest oil producing countries in the world.

By 1961, other oil companies such as Mobil, Gulf, Agip, Elf (Safrap), Tenneco and Amoseas (Now Texaco/Chevron) had begun exploration activities for oil in the onshore areas of Nigeria. The exploration rights which had formerly been granted to Shell Petroleum alone, was now extended to the new comers in line with government's policy of increasing the pace of exploration in the country.

The activities of oil companies in the area have its associated positive and negative socio-economic impacts on host communities. For example, it has changed man to man relationship in oil bearing communities in that most people no longer live in good terms with their neighbours owing to disputes over land ownership where oil wells situate. In like manner, is the ever increasing number of court and juju cases in oil bearing communities when illiterate rural dwellers discover to their chagrin that they have been unduly exploited and marginalized by the small elitist class or claim agents who are supposed to protect their interest as regards matters relating to compensation for damages done to their crops and other valuables resulting from oil exploration and exploitation activities.

These exploitative measures by the elitist group had led to prolonged enmity in the area often expressed in open confrontations, physical combats, and juju and court cases as a means of settling the disputes.

There is also degradation of the culture, social norms and values of the people. It is how a common occurrence to see young girls in the area cohabiting with oil company workers or workers of a subsidiary firm due to the desire to make quick money. Prior to the coming of the oil companies to the Niger Delta, it used to be a taboo to see a young girl co-habiting with a man before marriage.

Furthermore, the activities of these oil companies (Agip and Elf) have displaced some people in host communities who now live in abject poverty with no means of sustenance. And since man must survive, most of these people take to stealing foodstuff from other people's farms which is now a daily occurrence in the area. A typical example is the case in 1990 at Oboburu Town in Rivers State, where husband and wife were caught harvesting cassava in another person's farm (Field Survey, 2004).

In addition, some of these displaced persons have migrated to urban centres e.g. Port Harcourt, Yenagoa, Warri just to mention but a few to search for jobs and where the jobs are not available, resort to robbery and other social vices. In a similar fashion, most children in the oil zone stop schooling because of lack of money to finance their education. At the end, these children constitute one form of nuisance or the other in the community and the country in general in the name of militancy.

Finally, there is the emergence of emergency contractors who pose as genuine contractors and collude with the oil companies' staff to underpay the required compensation whenever necessary and to further exploit the rural dwellers. In addition, most of the emergency contractors are in the habit of inciting people, especially families over land issues and turning around to act as mediators in order to indirectly partake in the sharing of compensation for

Oil Exploration in Nigeria

farmlands. A typical example is the case between Umu-Achi and Umu-Okporo families in Obagi since 1970 over the ownership of the land housing Elf's flow station in OML 58, which is assumed to be the handwork of a few persons from the village. But after careful investigation, it was found that the land belonged to Umu-Achi family Umu-Okporo family was incited by a claims Agent to contest the ownership of the land since both families share a common boundary (Field Survey, 2004).

Oil Companies Relations with Oil Producing Communities

Ezeoba (1986) defines community relation as the social responsibility which companies owe to the people in their area of operations. According to Ezeoba, any company that is aware of its social impact upon the local community or communities will ultimately initiate policies through which it can assess itself and its place in the society.

Existing literature on community relation problems show that oil companies all over the world are often involved in disputes with the communities in their areas of operations. The example of Ogoni land in Rivers State with SPDC is a case in point. In Nigeria, the local people are known to have occupied oil rigs, barricaded roads, in operational areas, shut-down flow stations, kidnapped foreign nationals of oil companies and in few cases looted property of oil companies to invite attention to their plight in the rural areas. They have demanded for the construction of roads, provision of pipe-borne water, electricity, schools, hospitals and employment of their youths, among others.

In making reference to international cases, Nwokedi (1988) gave the following illustrations with regard to community relations in producing communities and oil companies in developed countries. According to him, community pressure groups in Europe have forced oil companies to install treatment plants, where polluted water from plants are treated before pumping into rivers. Also, in the United States of America (USA) about 10% of Shell Group's capital spending is concerned with safeguarding the environment. Moreover, in France, Elf has succeeded in transforming mud from wells into fertilizer, thereby making it a very useful input to farmers in their area of operation. In his concluding remarks, Nwokedi (1988) pointed out that social pressures on oil companies have increased over the years and that companies abroad are seriously addressing themselves to the problems.

The above illustration point to the fact that community relations are fast becoming important and have been identified as a powerful tool for the improvement of profits and the well-being of rural oil bearing communities.

Therefore, it was not surprising in Nigeria when in the late 1980s early 1990s, oil companies host communities started agitating for good and improved community relations. Welfare packages for the host communities in Nigeria was attributed to be deliberate and conscious efforts of the oil companies not to establish a platform of understanding with host communities through which negotiations could be carried out.

H. A. Ajie

This further reinforced the argument that oil producing companies had no programme for host communities to know them (oil companies) or the companies to know the people. No conscious effort has been made to study the social systems in the area of operation. What the oil companies normally do in Ogba was to dish out petty contracts to local landlords at the expense of poor populace who suffer the brunt of the hazards of oil exploration. Also, in order to get publicity, these oil companies make donations to some popular academic institutions and occasionally sponsor sporting competition like the Elf Swimming Competition for Secondary Schools in Port Harcourt and its environs at the expense and neglect of oil producing communities (Ogba/Egbema).

However, today, the situation had greatly improved as the companies have started initiating community development projects in the area. This recent development was a direct result of protests made by the people. For example, in 1993, people in Elf's area of operation demonstrated and looted the company's valuables worth millions of naira. Youths from Obagi, Oboburu, Akabuika Ogbogu just to mention but a few carried out this operation. It was after negotiating and settling with the host communities that it dawned on Elf that it owes host communities a duty. This culminated to the various memorandums of understanding entered between the host communities of Egi, Igburu (Awah) and Elf Nigeria Limited.

Protests in Ogba Oil Producing Communities and Repression

Protest in oil producing communities of Ogbaland – host communities of Elf Petroleum Nigeria Limited date back to 1965. For example, in 1965, Obagi community had a peaceful protest match and barricaded Elf's (Safrap) Operational base close to OB.1 (the first oil well of the company), demanding for the employment of the indigenes and an upward review of compensation rates paid for acquired land and damaged property and cash crops.

Elf not comfortable with the protest and its outcome, sought for redress in a law court at Ahoada. The outcome was the employment of two indigenes of the community and a minimal upward review of compensation rates paid by Elf Petroleum Nigeria Limited.

Furthermore, in 1972 and 1973, the people of Ogbogu and Obagi communities, respectively, protested because of oil blowout, low compensation rate, employment of indigenes and refusal of the company to pay pending compensation rates earlier agreed with the Obagi community in 1965. Elf was able to manipulate its way by identifying and offering bribe to some leaders of the two communities.

Again when in 1987, the Oboburu community embarked upon a violent demonstration which culminated in the ransacking of Elf's drilling rig and the carting away of some valuables belonging to the company.

Oil Exploration in Nigeria

The people of Oboburu community demanded from Elf Petroleum Nigeria Limited to the following, among other things, viz: The movement of the oil location in the village to a safe distance.

- Relocation of Oboburu community by Elf.
- Compensation to people whose properties were damaged because of the new oil well.
- Employment of indigenes of the community.
- Provision of social amenities.

This demonstration actually shocked the management of Elf. Therefore to resolve the dispute, Elf for the first time in history constituted a committee to resolve the impasse. The representatives of Oboburu community met with representative of Elf at Ahoada under the mediatory role of Mr. M.A. Aduma. The Local Government Chairman of ALGA with this Eminence, Chukwumeka Obi II, the Oba of Ogbaland in attendance.

In 1993, another major demonstration/protests by all the communities in Elf's area of operation took place. This was the most devastating conflict the company has ever experienced since its operation in Nigeria. This is because the looting that took place ran into millions of naira. Also, the company lost an estimated \$42,200,000.00 from oil production that was suspended for the 16 day period the conflict lasted (Elf News Vol. II, No 23, Sept. 1993).

This particular conflict made the management of Elf to accept without hesitation all demands put forward by the host communities. It was revealed that Elf's management agreed in principle in order to resume operations. The above position was reinforced by Elf's inability to implement all the items agreed upon in the agreement.

It will be recalled that the 1993 Egi/Elf negotiation was stalled by a court injunction sought by a group sponsored by Elf. In the said suit, while Egi Youth Joint Action Committee (EJAC) was representing the host communities, Elf Petroleum sponsored a handful of Egi youths who went to court to stop the negotiation and signing of a mutual agreement.

Finally, in April, 1999 the people felt slighted and asked Elf to quit their land on or before the 8th of July 1999. And to demonstrate how determined they were at the expiration of the dead line, the people barricaded all roads leading to or outside Ogbaland on the 9th of July. Elf's operations in the area were stalled for about 18 days, making the company lose another estimated sum of \$48,600,000.00 as a result of the shutdown.

In reaction to the above conflict, Elf's management decided to meet with host communities with a view to working out a lasting solution to these conflicts. The tension in all parts of the Niger Delta region endeared Elf to seek for a lasting solution with the host communities. Instead of Ogbaland producing a unified negotiating team, the various communities decided to negotiate individually with Elf. Thus, the company has finalized negotiation with the Egi and Ama communities and is about concluding negotiations with Idu-Ogba Community. All these individualized negotiations could not produce the much desired result for the betterment of the Ogba man.

H. A. Ajie

Furthermore, people from the area have accused Elf's management of leaving their business to interfere in community's politics. This the people see as a divisive approach by the company so that the local people cannot form a united front and fight for their collective good. Infact Elf management invoked divides and rule system to destabilize the people.

In line with the above statement, various segments had at one time or the other hijacked representative power of communities in conflict resolutions. And because these chiefs are mostly illiterate, their vision and focus for their people are highly limited, hence they are easily manipulated by oil companies' management as they take things that give them monetary happiness at the expense of their people's welfare.

Critics of the involvement of oil companies in Local Community politics observed that oil companies use their divisive mechanism to get their way. They achieve this by sponsoring their own candidates and fully back them with financial support. In most cases, they incite their agents to destabilize host communities and ensure that their divisive mechanism to get their way. In most cases, they incite their agents to destabilize host communities and ensure that their agents are those that will form negotiating team that will negotiate with them.

This has been revealed as the main reasons for the adoption of agreements that are unrelated to the desires and aspirations of greater majority of host communities.

And since there is no adequate representation of the people, the seed of other conflict/protests had been sown unknowingly by the company. For example, the 1999 Egi/Elf conflict was a direct product of the inadequacies of the 1993 agreement.

Elf and Agip Employment Opportunities to Ogba People

The Federal Government Guideline on Recruitment as contained in circular FC.5000/S.1/457 of 15th February 1982 directed all government establishments, public corporations, multi-national corporations, etc. to ensure that recruitment of subordinate staff between the grade level one to six (GL01 – 06) should consist of mainly indigenes of the place or locality in which such establishments are located.

Other grade levels above six can be occupied by any person irrespective of where the person comes from as long as the person is qualified to handle such position. The main reason behind the Federal Government Policy on recruitment is to afford communities where such projects are located to benefit from them.

To appraise the workability of this Federal Government Guideline on Employment of Elf and Agip in Ogbaland, it will be necessary to take a view of Elf and Agip manpower strength in Ogba oil fields, and the percentage of employment opportunities between the grade levels one to six (GL 01-06) given the Ogba people. Table 1 shows the distribution of ELF staff at OML

Oil Exploration in Nigeria

58 oil field while table 2 depicts the distribution for AGIP staff at Ogbia oil fields.

Table 1: The Distribution of ELF Staff in OML 58 Field.

Staff Posts	Strength	Indigenes	Non-Indigenes
Senior	35	4	31
Junior	95	15	80
Total	130	19(14.6%)	111(85.4%)

Source: Elf Production Office Obagi base, 1999.

Table 2: The Distribution of AGIP Staff in Ogbia Oil Fields .

Staff Posts	Strength	Indigenes	Non-Indigenes
Senior	74	3	71
Junior	230	80	150
Total	304	83(27.3%)	221(72.7%)

Source: Administrative Office Ebocha Oil Centre.

In summary, one observes from the tables 1 and 2 that there is a negation of the Federal Government's directive guideline on junior staff recruitment in ONEGA. Out of a total junior staff strength of three hundred and twenty five (325) only about ninety five (95) representing (29.2%) are from the area. While the rest 70.8% are from outside host communities.

Also, only (7) people from the area are employed as senior staff members in the two companies. This is disturbing because the Ogbia community has a cream of sons and daughters who are graduates in Mechanical, Civil, Electrical, petroleum, Petrol-chemical Engineering, laboratory Sciences, Economics, Accounting and other various disciplines or areas of specialization needed for these companies' effective operations in the areas.

RECOMMENDATIONS AND CONCLUSION

We recommend the following:

1. Government should allow oil producing communities to receive directly their share of oil revenue. Families and individuals displaced in the course of oil exploration activities should enjoy royalties, for life.
2. Oil companies should create apprenticeship scheme and programmes for youths in their area of operation. As a corollary, all graduates of apprenticeship programmes should be settled by the oil company that sponsors their training programme.

H. A. Ajie

3. Oil companies should limit themselves to oil exploration and production activities and not to be involved in community politics by sponsoring candidates that will protect their interest.

4. In order to present a formidable front in the pursuit of our collective interest, there should be no discrimination amongst Ogba people in terms of Egi, Usomini, Igburu and Omoku. The fact that oil is found in Obite does not mean that there is none in Ogbidi.

5. Finally, opportunities accruing from oil exploration and exploitation activities be evenly distributed among all villages in Ogbaland.

Based on the above recommendations, we therefore, propose a body to work out modalities for sharing benefits accruing from oil exploration to the generality of the populace in ONELGA. Oil companies should respect the rights of those in the oil producing communities to freedom of expression, association and assembly.

REFERENCES

- agip, (1985): "obiafu/obrikom gas recycling project" sligrat rome, february.
- aarthur, a.n. can nigeria survive? enugu, fourth dimension publishing company limited.
- bierstekan, t.j. (1987): the multinational, the state control of nigerian economy.
- Elf nigeria limited, production operator manual (1984).
- Elf nigeria limited, public affairs department. elf in nigeria, lagos emacon print limited 1987.
- emmanuel, a. (1976): the multinational corporation and inequality of development. international social science journal, vol. xxviii.
- Federal government guideline on recruitment, circular fc.5000/s.1/457, nigeria, february 1982.
- fubode, t. (1986): "any hope for oil producing area?" nigerian tide.
- Hood, n. and young, s. (1979): the multinational enterprises.
- langdon, s. (1975): multinational corporations tastes transfer and underdevelopment: case study from kenya. Review of african political economic.
- lucins, l all sanjayo (1980): multinational corporations london macmillan press ltd.
- newswatch magazine of 28th december, 1987.
- nwokedi, a. (1988): community relations in oil producing companies in nigeria". The napetcor, a quarterly magazine of the nnpc: volume 9. (No. 1 first quarter).
- obioma, b.r. (1980): an enquiry lack of investment in agriculture in oil communities. The case of ogba/egbema and oguta communities, Port Harcourt.

Oil Exploration in Nigeria

- obioma, b.r. (1985): the oil communities and oil companies in nigeria. An unequal relationship, Port Harcourt.
- onimode, b. (1983): multinational corporations in nigeria. Les stiyraden.
- onyige, p.u. energy self-reliance and national development (ed).
- onyige, p.u. ogba: its natural resources and contribution to national economic. (Unpublished article, university of Port Harcourt.