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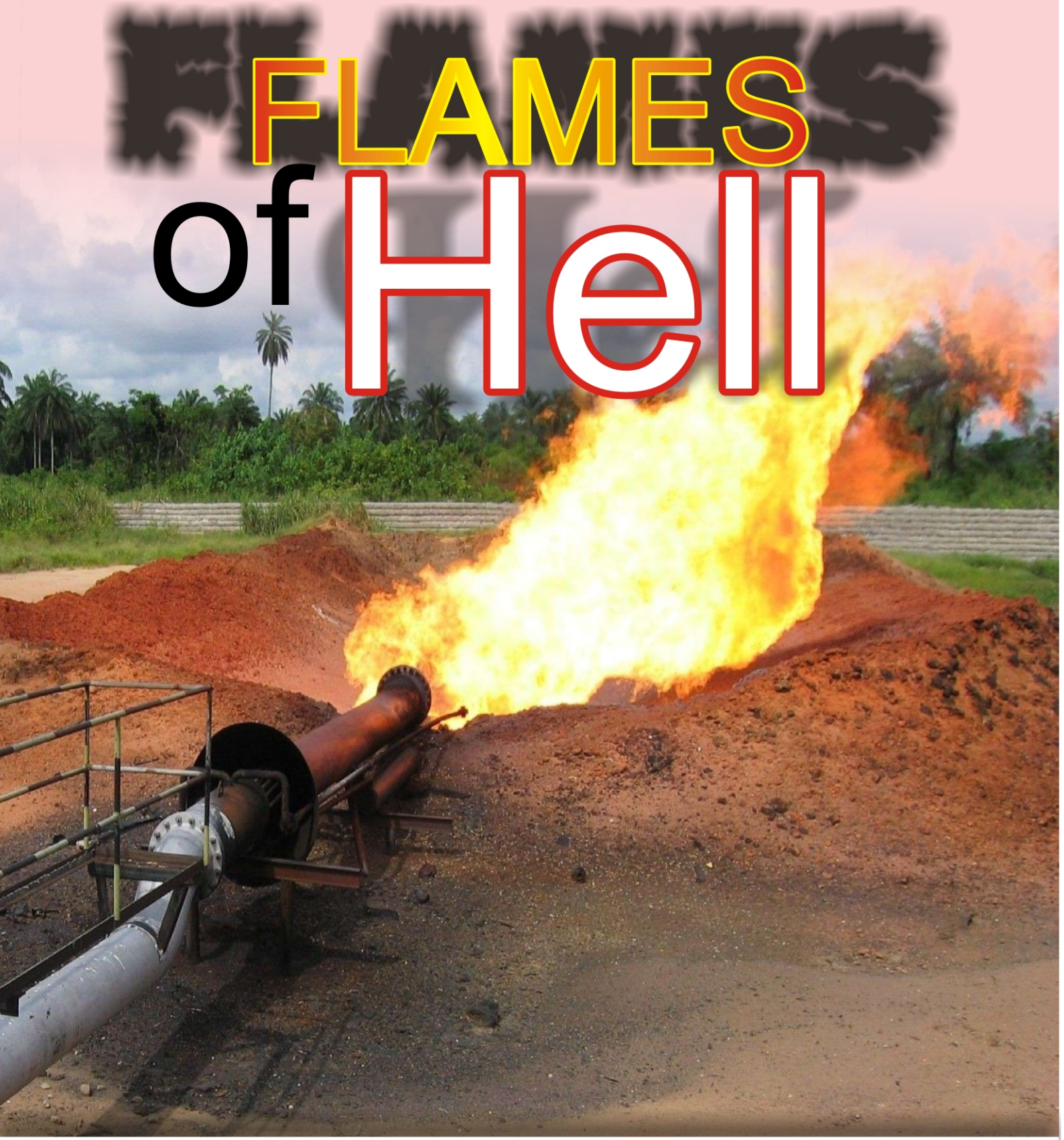
Social Development Integrated Centre

FLAMES of Hell



GAS FLARING IN THE NIGER DELTA

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ISBN: 978-978-086-028-8

Published by:
Social Development Integrated Centre (Social Action)
33, Oromineke Layout, D-Line
Port Harcourt, Nigeria
Tel/Fax +234 84 765 413
www.saction.org

Design and layout: HEPHZIBAH GRAPHICS LTD.

C O N T E N T S

ABBREVIATIONS

API	-	American Petroleum Institute
CNL	-	Chevron Nigeria Limited
CO2	-	Carbon Dioxide
DPR	-	Department of Petroleum Resources
EIA	-	Environmental Impact Assessment
EPNL	-	Elf Petroleum Nigeria Limited
LNG	-	Liquefied Natural Gas
MMcf/d	-	Million Cubic Feet Per Day
NGL	-	Natural Gas Liquids
NNPC	-	Nigeria National Petroleum Corporation
Scf	-	Standard Cubic Feet
Snepco	-	Shell Nigeria Exploration and Production Company
SPDC	-	Shell Petroleum Development Company
WAGP	-	West African Gas Pipeline
WAGPco	-	West African Gas Pipeline Company

ACKNOWLEDGEMENTS

This report was written by Isaac 'Asume' Osuoka. Chris Newsom, Chris Cragg and Vivian Bellonwu participated in background research. We thank Orike Didi for reviewing the draft. Social Action wishes to thank Stakeholder Democracy Network (SDN) and Ford Foundation for supporting its work in promoting environmental justice and accountability in resource extraction in Nigeria.

SUMMARY

Communities in the Niger Delta of Nigeria have suffered in 50 years of continuous gas flaring as the government and oil companies fail to abide by commitments to end the environmentally damaging practice. In 2008, the government of Nigeria failed to compel oil producing companies to comply with commitments they made to end gas flaring. This continued trend of failures on the part of government indicates the control of policy by the oil companies. Significantly, in November 2007, Shell had unilaterally announced that it would not meet its and federal government's non-legally binding deadline to end gas flaring by 2008.

Oil companies and the government of Nigerian are working to boost crude oil production from the Niger Delta, with production targeted to approach the 3 million barrels per day mark. However, with virtually all crude oil produced 'associated' with gas, companies' and government's failure to harness associated gas means that gas flaring would continue - to the detriment of already impoverished and brutalised communities.

Much of the natural gas mixed or associated with crude in oil wells of the Niger Delta is immediately burned, or flared, into the air at a rate of approximately 2.5 billion cubic feet per day. This places Nigeria (along with Russia) among the two highest flarers of gas in the world, while the Niger delta, as a result of the flares, is one of the major sources of greenhouse gas emissions on the planet. Ending gas flaring in Nigeria is, therefore, a necessity to addressing global climate change and providing succor for local communities that have lived with the consequences of air and soil pollution for decades.

- Gas flaring continues to pollute the communities of the Niger Delta on a daily basis.

- Flaring has proven to be an irreplaceable waste of resources, which costs are borne by the local communities. In addition, the country loses billions of dollars each year to gas flaring.

- Gas flaring by Nigeria is making the country the single largest contributor in Africa to climate change which, in turn, is presently threatening our environment especially any low lying communities such as those on Victoria Island, Lagos and the coastal and riverine communities in the Niger Delta. Communities in Northern Nigeria are also already suffering the impact of climate change in the form of decertification and draught.

- The damages to the health and environment of Niger Delta communities and negative impacts on the Nigerian economy and society far outweighs the costs of immediate action to end gas flaring.

RECOMMENDATIONS

- There is need to increased actions by Nigerians to support communities affected by gas flaring and to conserve natural resources.

- The National Assembly should, as a matter of urgency, enact legislation that compels all oil producing companies to end gas flaring in 2008 as called as requested by the Department of Petroleum Resources (DPR).

- Previous flare-out dates have been violated by the oil companies despite the 2005 ruling by a federal high court which declared gas flaring as illegal and a gross violation of fundamental right to life.

- Legislation should enforce the original proposal of the DPR, being that gas flaring must end and a fine of $3.50 be paid for every 1,000 SCF which is flared in the interim. The National Assembly should legislate to ensure that the fines announced by DPR for 2008 are imposed and that all revenues are dedicated to a special ***Community Health Fund*** which will help deal with the direct and indirect health impacts of gas flaring and oil operations.

- There needs to be a participatory audit of gas flaring to ascertain damage and effect compensation to community victims. The National Assembly should enact legislation to compel the Government to conduct this audit.

- Legislation should compel government and the oil companies to harness associated gas, which is presently flared, for power generation for the communities of the Niger Delta and to feed the national grid.

- The National Assembly should compel all oil producing companies to stop crude oil production in any oil fields where gas is still being flared as called for by the DPR. According to a November 2007 report by the DPR more than 70 percent of the oil fields in Nigeria still flare gas.[2]

Need for immediate action

Our call to Nigerian communities to continue to resist the injustice of gas flaring, and for action by the National Assembly of Nigeria is hinged on two clear points, which have been acknowledged by government bodies such as the Department of Petroleum Resources (DPR). Despite repeated instructions to end gas flaring and considering billions of dollars spent on the industry there has been no priority given to ending gas flaring.

The Minister of State for Energy has gone on record stating that $39 Billion has been spent on the oil sector in the 8 years.[3] The DPR has also stated that most oil fields in Nigeria continue to flare over 80 percent of associated gas produced in the Niger Delta area. With the government failing to get oil companies to comply with non-binding deadlines to end gas flaring, what is needed is increased citizens actions and new legislation to protect communities and preserve national energy assets.

[1] *The Punch*, 29 November 2007

[2] There are 606 oil fields in the Niger Delta area. Of these 355 are on-shore while the remaining 251 are offshore. Of these, 193 are currently operational while 23 have been shut in or abandoned. Source: http://www.nnpcgroup.com/development.htm

[3] *This Day*, 12 February, 2008

INTRODUCTION

Gas flaring in Nigeria: A continuing environmental, economic and political outrage

The flaring of natural gas in Nigeria and particularly in the Niger Delta has long been seen as an outrageous scandal. The bulk of associated gas produced in the country has neither been used to address badly needed energy production nor contribute to addressing poverty and improving industrial capacity in Nigeria. Instead, the flaring of gas continue to constitute serious pollution to Nigerian communities and is one of the largest single pointless emissions of greenhouse gas on the planet, with obvious implications for climate change that is affecting Nigeria and other parts of the world.

Picture by Ed Kashi

The wasteful burning of gas continues to pollute the local atmosphere with dire consequences for human health and the well being of communities in the Niger Delta area: It increases infant mortality, reduces human lifespan and contributes to the general impoverishment in the area. Indeed, the Niger Delta and Nigeria contain some of the most impoverished communities on the planet, with little access to electricity. It is an irony that that the region which might potentially benefit the most from the utilisation of the natural gas is the area where it literally goes up in flames.

Data on gas flaring from oil companies and the government remain scanty and have been mostly unreliable. A commonly quoted estimate is that oil corporations in Nigeria flare, on the average, 2.5 billion standard cubic feet (scf) of associated gas daily in 2004. This is the source of about 70 million metric tons of CO2 emissions per year.[4]

This situation has contributed to fueling local anger and resentment to a state that is perceived as facilitating plunder of natural resources with little regard for the rights and livelihood of citizens. State actions and neglect has created conditions for heightened tensions and insurgency, with consequences of worsening human security conditions in the Niger Delta area and the Gulf of Guinea.

[4]Strategic Gas Plan for Nigeria, Joint UNDP/World Bank Energy Sector Management Assistance Programme (ESMAP)

Crude Oil and Gas Flaring

Both onshore oil fields in the Niger Delta and offshore locations contain very large amounts of gas mixed with crude oil. In fact, there are oil wells that contain more gas than crude oil. When crude oil is produced, it comes out with the 'associated gas'.

Though now considered a misnomer in most parts of the world, routine flaring of natural gas associated with crude oil was more commonly practiced where producing companies and governments did not create a programme for re-injection or where the existence of a 'market' for the associated gas is not acknowledged. Up till the 70s, gas was flared in some locations in the United States as well as Saudi Arabia at a time that there was less global appreciation of the problem of climate change.

Shell, the first oil company to exploit the petroleum resources of the Niger Delta decided from 1956 to flare associated gas, as there was neither consideration of local electricity generation nor pollution under colonial rule. At its flow stations, associated gas, after been separated from the crude oil, is burnt off. Since Shell started the practice, all other oil producing companies have followed. Options available to Shell and British colonial administrators in 1956, but not considered, included processing the associated gas to generate energy for Nigerian communities or re-injecting it into unproductive reservoir underground. But these options could have meant some more expenses for Shell. Providing energy for Nigerian communities was not an option, since Nigeria was not a 'market' for transnational oil companies that have continued in the tradition of extracting local resources principally for export. For market for gas to exit certain infrastructure such as power plants and gas distribution network would have to be built. This would depend essentially on the policy direction of the government and its regulatory agencies. But supplying energy for Nigerian homes and industries has never quite been a priority of Nigerian governments, colonial and post-independent.

In the years following its Oloibiri oil find in 1956, Shell extended oil exploitation activities to other communities in the Niger Delta using the same flaring method to deal with associated gas, even as the company and British government officials recognised the practice as constituting wastage.

In 1963, Mr. J.S. Sadler, the British Trade Commissioner in Nigeria made the following comments in a memo to British Foreign Office in London:

> "Shell/BP's need to continue, probably indefinitely, to flare off a very large proportion of the associated gas they produce will no doubt give rise to a certain amount of difficulty with Nigerian politicians, who will probably be among the last people in the world to realise that it is sometimes desirable not to exploit a country's natural resources and who, being unable to avoid seeing the many gas flares around the oilfields, will tend to accuse Shell/BP of conspicuous waste of Nigeria's 'wealth'. It will be interesting to see the extent to which the oil companies feel it necessary to meet these criticisms by spending money on uneconomic methods of using gas."[5]

[5]Quoted in Environmental Rights Action and Climate Justice Programme, "Gas Flaring in Nigeria: A Human Rights, Environmental and Economic Monstrosity, June, 2005, from comments contained in a confidential "reasonably comprehensive survey of the history, the present position and future prospects of the oil producing industry in Nigeria" provided by Mr. J.S. Sadler, the British Trade Commissioner in Lagos to the Economic Relations Department of the Foreign Office in London on 9th August 1963: 'Development of Oil Resources in West Africa 1963', File 371/167170, UK National Archives

Though one of the leading exporters of crude oil in the world, Nigeria's Niger Delta has been described by some as a gas province due to the abundance of natural gas reserves as compared to crude oil reserves. When Nigeria was first identified as an oil province in the mid-1950s, its primary attraction related to the quality of its oil. Bonny light, which subsequently became the benchmark crude, is a 37.69° API crude with 0.13% sulphur by weight. Escravos and Forcados, two other Nigerian crudes are 36° API (0.2% sulphur) and 30° API (0.2% sulphur) respectively[6]. Crude oil from Nigerian fields are considered valuable in the global oil industry and have been commonly described as "sweet crude" due to the ease in refining it and the high quality of its products. Nigeria's crude oil also contains a high volume of valuable natural gas liquids (NGLs), which gave an additional justification for the rush to capture the oil fields.

One of the disincentives for the utilisation of associated gas is the abundance of non-associated gas reserves in the Niger Delta area. While associated gas is mixed with crude oil in 'oil fields', non-associated gas is pure gas. Non-associated gas can be drilled alone from gas fields that do not contain crude oil. The industry consider this cheaper to produce. This is because its production does not require the additional infrastructure to remove traces of crude oil, which would be required in the case of associated gas. Oil companies have given this as the reason why the bulk of commercial gas projects such as the LNGs and Chevron's Escravos gas plant were built originally to use non-associated gas. The problem with this is that while the gas export projects and based on of non-associated gas use has increased tremendously in the Niger Delta area, this does not in any way affect the flaring of associated gas. Indeed, the flaring of associated gas has continued to increase along with increases in crude oil production.

[6]API is the acknowledged measure of a crude's quality; the higher the number the better the crude.

'DEVILS FLAMES', COMMUNITY IMPACTS AND CLIMATE CHANGE

Picture by Ifie Lott

While oil companies and the Nigerian state have pursued cheap options for profit maximization, the communities of the Niger Delta area have borne the real costs of crude oil production and associated gas flaring. Gas flaring produces continuous noise, rise in temperature in communities close to flare sites, acid rain and retarded crop yield, corroded roofs, respiratory and skin diseases etc. In addition, many communities suffer the impact of the loss of darkness" with the unnatural illumination from gas flares at night.

Gas flared in Nigeria, containing high amounts of methane and carbon dioxide-major greenhouse gasses, is also a major contributor to global warming, as it produces emissions that are more than the combined emissions of the rest of sub-Saharan Africa.[7]

The threat of climate change is real and portends serious risks to Nigerian communities. Although the analysis of Africa is inadequate compared to other regions it is clear that we risk facing increased desertification, sea level rises, less reliable seasons for agricultural production, and increased severe weather such as floods. In the Niger Delta, where oil pollution and gas flaring is already the major causes of impoverishment, sicknesses and death, global climate change is resulting in worsened conditions for the people. With projections of sea levels rising by 1 to 2 meters or more this century, salt water intrusion into the ground water and surface water will diminish the habitable area of the Delta even before the area becomes inundated.Communities in northern Nigeria are already confronted with increasing desertification and water scarcity, with loss of farming and grazing land and increasing migration and conflicts.

Minimal work has been done to quantify the health and environmental costs of over 40 years of flaring on communities in the Niger Delta. However, a recent study shows that Lagos and Bayelsa states will disappear in fifty years time as both states will be completely submerged by flood owing to the activities of humans and human organizations[8]. Other states along coastal lines may be confronted with a similar fate unless urgent steps are taken to mitigate the impending disaster

Gas flaring only continues because of a regime which favours economic corner-cutting. Oil companies which flare gas do not bear the cost of lost opportunities to Nigeria. For them, increases in production and exports are far more richly rewarding than efficient use of our resources.

[7] See http://priceofoil.org/thepriceofoil/human-rights/gas-flaring/

[8] See Nigerian Compass, Friday, 21 November 2008

A former Minister of Housing and Environment, Halima Tayo Alao acknowledged the Nicholas Stern's report and the Fourth Assessment Report of the Inter-governmental Panel on Climate Change, which suggest that "in Nigeria, it is estimated that in the Sudan Sahel area, between 89,297 and 133,944 square kilometres of arable land would be at risk and capital value of the risk stands at about $6.4 billion for the current level of development. With a 30-year development, the value stands at $23.9 billion if no measure is taken."[9]

Nigeria's gas flaring is a wasteful and substantial contributor to climate change and it is one with which the country can bring about significant change with a swift end to this damaging practice. As awareness of the impacts of climate change spreads we must warn of the anger that will grow in communities over the continuation of flaring while the risks to communities from pollution and climate change grow daily.

Picture by Ebiaridor Kentebe

[9]Source: This Day, 28 November 2007

Gas Flaring is Illegal

The Nigerian Federal High Court has already ruled that gas flaring is illegal, and should end. In the suit brought by the Iweherekan community of Delta State, The Federal High Court sitting in Benin City had on November 14th 2005 ordered Shell to stop gas flaring in Iweherekan Community, Delta State by April 2007, saying it violates the fundamental right to life and dignity. Despite the court ruling, Shell and other transnational oil companies have continued the practice of gas flaring, indeed increasing the volume of flaring over the years.

Gas flaring has been illegal in Nigeria since 1984. However, the legislations have given quite loose criteria for the Minister of Petroleum to grant exemptions and flaring licenses. This has been abused by Nigerian governments. Very meager fines have also been imposed on oil companies for flaring. The companies have preferred to pay. However, details of such payments are not readily available to Nigerians and the uses to which fines have been put have remained a secret, while community victims suffer impoverishment and diseases.

Picture by Climate Justice

STATE FAILURES

Governments of post independent Nigeria have followed the colonial tradition by ignoring the problem of gas flaring, preferring to count its huge revenues from crude oil sales. Lame efforts by the military and civilian regimes to restrict the flaring of gas have been frustrated by its greed and the blackmail of oil companies that argue that ending flaring may disrupt crude oil production and flow of revenues.

By 1969, Nigerian military dictators requested oil companies to set up facilities to use the associated gas from their operations within five years of commencement of production. However, this requirement was changed in later legislations in 1979, which set a time limit of 1980 for companies to develop gas utilization projects or face fines.

Picture by Climate Justice

But the government could not enforce this regulation. And with pressure from oil companies, the Nigerian military government in 1985 enacted the "Associated Gas Re-Injection (Continued Flaring of Gas) Regulations, which prohibited gas flaring but gave limited exemptions and imposed fines for defaulters. Shell and the companies preferred to flare and pay the scanty fines at huge environmental costs to communities that live with the impacts. [10]

In 2005 the companies paid a total amount of $ 19.8 million as penalty for gas flaring.[11] This is a paltry amount that companies prefer to continue paying rather than make the investments needed to stop indiscriminate gas flaring.

In 1999, on the return of Nigerian government to civilian administration, officials announced that all oil companies should end gas flaring by 2003. The Nigerian government would later change the target to 2004.

In response to pressure, Shell and the other oil producing companies rejected the target dates set by government officials as unrealistic. On its part, Shell announced that it would eliminate gas flaring from its facilities in 2008. Again, the Nigerian government was coerced and dropped its earlier target, accepting instead 2008 as a new target date for all oil companies to end gas flaring in Nigeria. However, this widely advertised flare-out date, which was a result of an understanding with the oil companies, was not backed by any new legislation or formal regulation. Not being legally binding, the deadline was made vulnerable to violation.

In 2005, Shell announced to members of the Nigerian Senate that the 2008 date is no longer realistic, as it now set its target for 2009. Bemused lawmakers did nothing beyond a few whimpers.

In November 2007, Shell Petroleum Development Company (SPDC), again, informed the Rivers State House of Assembly that the company would not comply with the federal government deadline to end gas flaring by 2008. The company set a new target for 2011.[12] Part of the excuse of the company is that it is being owed $1.3 billion by the federal government of Nigeria.
By 2008, Nigerian government was a bundle of contradiction as the President and members of the federal executive council could not agree on whether the deadline was for January or December of the same year. The Minister of State

for Petroleum, Odein Ajumogobia described deadlines for ending gas flaring as a "shifting target" and has frustrated efforts by the DPR to act on gas flaring, by proposing a fine of $3.50 be paid for every 1,000 standard cubic feet of associated gas flared.

In 2009, the Nigerian federal government appears clueless as gas flaring continues. While President Umaru Yar'Adua has made some commitment to a push for greater use of gas in the domestic economy via the proposed National Gas Infrastructure Development Blueprint and the National Gas Master Plan, his commitment, as with most pronouncements of his regime, has not been matched with coherent action.

[10] Fines for gas flaring were raised in January 1998 from 0.5 Naira to 10 Naira (US$0.071) for every 1,000 standard cubic feet of gas.
[11] http://www.dailytrust.com/business.htm
[12] Gas Flares Out Not Feasible In 2008 - Shell http://independentngonline.com/?c=154&a=5568

CATALOGUE OF MISINFORMATION

Rather than make the investments to eliminate gas flaring, oil and gas producing companies have continued to misinform the Nigerian people with claims about projects and investments for reduction of gas flaring continuously turning out to be exaggerated or false.

In 2007, data obtained by the Energy Intelligence Newsletter showed that Nigeria Agip Energy produced 1.2 billion cubic feet of gas split evenly between associated gas and non-associated gas. Of that, it flared 375 million cubic feet per day in the year - higher than 340 million cubic feet per day flared in 2006. While Total is keen to boast that its Obite gas treatment plant will boost commercial gas production by 50% by 2020, it seems averse to providing a breakdown of gas produced, exported and flared by its 40% owned Nigerian joint venture Elf Petroleum Nigeria Limited (EPNL). Nigerian National Petroleum Corporation (NNPC) data showed that flaring totaled over 239MMcf/d of EPNL's 914MMcf/d gas production.

While big oil companies have argued that lack of progress is due to circumstances beyond their control, such as security problems and other government cuts to budgets of their joint venture partner NNPC, their coyness with data obviously make them disingenuous. The oil majors are reluctant to sincerely disclose how much associated and non-associated gas they produce and how much they flare.

Shell no longer discloses how much non - associated gas SPDC and its other Nigerian affiliates produce, and in its Nigerian Website lumps total oil and gas production together. However Shell's Nigeria site does not state that SPDC and deep water affiliate Snepco together produced at least 552 million cubic feet per day of associated gas last year. Shell's documentation to US Securities and Exchange Commission says equity gas production "available for sale" in Nigeria totaled 584MMcf/d. Shell owns 30% of SPDC and 100% of Snepco.

Like Shell, Total only publishes group equity production and its accounts reveal that oil output from all the group's Nigerian interests dropped 24% between 2004 and 2007, to 176,000 barrels per day while gas production more than doubled to 432 MMcf/d showing significant growth in non associated gas flows.

Chevron no longer discloses how much gas the Chevron Nigeria Ltd, (CNL) joint venture flares either. NNPC's figures for CNL shows that it is the worst offender in terms of share of gas production flared at 85% or some 486MMcf/d in 2007, out of gas production of 574MMcf/d.

"However much more interesting is the fact that in 2005 Nigeria was producing an average of 2.46 million barrels a day (mbd) on crude and condensate, whereas the average in 2008 was 400,000 barrels a day less at 2.06 mbd. Furthermore the amount of gas being produced has greatly increased from 5.67 billion standard cubic feet per day ((bscfd) to 6.56 bscfd. In effect, Nigeria is producing significantly less oil and almost a billion cubic feet more gas everyday instead."

"Thus, while the amount of gas flared has fallen significantly apparently, from a 41.1% average in 2005 to only 27.62% in 2008, which should be good news, it is open to an alternative explanation. This is that the 400,000 bpd decline in oil production has shut in its associated gas, while there has been a billion cubic feet per day increase in non-associated gas production. In simple terms, in 2005 Nigeria was flaring 200 bscf more than it is now, but is now producing 400,000 bpd less of oil and condensate. Equally, as non-associated gas production increases the percentage volume of gas flared is obviously going to fall"

"They have set off a scramble for as much non-associated gas to feed the various projects LNG capacity, gas-to-liquids and international pipelines as possible. And a great deal of the needed non-associated gas is hard to find, hence a great deal of the confusion regarding many of these projects"

Even the World Bank, a traditional supporter of oil companies, rejected Shell's earlier claim that the Bonny LNG would contribute to gas flare reduction. In its 1995 report on the Niger Delta environment, the World Bank reported that the Bonny plant was not originally designed to utilise associated gas and would not contribute to reduction of gas flaring.[13]

Since then, Shell had changed its rhetoric, now stating that later "trains" of the Bonny LNG project would utilise associated gas. The company has mentioned some associated gas gathering plants either completed or under construction to show its fresh commitment to ensure that more associated gas is supplied to the LNG and other "markets". However, a US government report in April 2005 was still suggesting that the Bonny LNG would be using associated gas as part of its input "within a few years"[14].

Shell also tries to present figures to show how the percentage of gas flaring has reduced over the years. However, percentage drop in volume of gas flares against **all gas produced** doesn't mean a drop in actual volume of gas flared, as non-associated gas production for Bonny LNG and for supply to the Nigerian Gas Company may have increased over the years. And any increase in crude oil production will only result in further increase in associated gas production as companies operating in Nigeria have consistently failed to match crude oil production with the technology for associated gas gathering.

Other examples of gas export projects that were falsely advertised as gas flare reduction projects include the West African Gas Pipeline Project (WAGP), which have all turned out to have presented false hopes of ending gas flaring. This is because the WAGP is linked to the Escravos-Lagos Pipeline, which was built to process non-associated gas.

Perhaps the clearest attestation to the misinformation by the oil companies has come from the government's regulatory agency. DPR's Head of gas, Billy Agha has said that about 80 percent of gas associated with the extraction of crude was being flared. This had not changed significantly for two decades despite a series of pledges by government and the industry to reduce flaring. According

[13]World Bank, "Defining an Environmental Development Strategy for the Niger Delta", March 25, 1995.
[14]EIA Country Analysis Brief: Nigeria, April 2005 http://www.eia.doe.gov/emeu/cabs/nigeria.html

to Billy Agha "operators had deceived the government by diverting incentives given them to flare out associated gas to develop of non-associated gas"[15].

NO CARBON CREDIT FOR GAS FLARING

The Nigerian government and oil companies are making requests for projects that end gas flaring to be granted carbon credits within the Clean Development Mechanism (CDM) of the Kyoto Protocol. But the Nigerian Federal High Court has declared gas flaring illegal and a gross violation of human rights. Gas flaring reduction projects in Nigeria should not qualify for CDM credits as such projects fail on the additionality and sustainable development criteria.

Arguments against CDM credits for oil companies operating in Nigeria

Oil producing companies in Nigeria are seeking carbon credits through the Clean Development Mechanism (CDM), as a means for making extra profits. But we present the key requirements that companies must meet to benefit from the generate 'carbon credits' through the CDM - one of the instruments of the Kyoto Protocol. Claims by oil companies operating in Nigeria can only expose the flaws in CDM, as a system that 'pays the polluter' and punish the victims.

Additionality of emission reductions*: CDM projects must be able to reasonably demonstrate that the emission reductions from the project are additional to what would have happened in the absence of the project.*

Reality:

Flaring is already prohibited in Nigeria and companies like Chevron and Shell have been paying a penalty for non-compliance. So, oil industry projects claiming to reduce gas flaring cannot be said to provide any additionality.

On Monday, November 14, 2005, the Federal High Court of Nigeria, in Benin City has ordered companies to stop gas flaring in the Nigeria, as it violates guaranteed constitutional rights to life and dignity.

Moreover, gas is a fossil fuel. The use of gas releases 75% of the CO_2 emissions of oil. Therefore, gas is not that much of clean source of energy

Promotes sustainable development.

Reality:

As oil and gas exploitation by Chevron and Shell in Nigeria clearly shows, oil and gas production rarely contributes to economic development in developing countries. Fifty Years of oil and gas development in Nigeria have resulted in mass impoverishment. Economists have pointed out that economies of developing countries with abundant natural resources have tended to grow less rapidly than natural-resource-scarce economies. Dependence on rent from oil and gas leads to the abandonment of other sectors of the economy like agriculture and

[15]The Punch newspaper, 29 November 2007

manufacturing that contribute more to GDP.

In Nigeria, oil and gas infrastructure developments including the building of pipelines and flow lines have resulted in severe environmental degradation, loss of community livelihoods and abuse of human rights. For example, we must point out that gas for the West African Gas Pipeline (WAGP) will be sourced from Escravos in the Western Niger Delta, an area noted for state repression and violent conflicts arising from competition for control of land and resources between communities, the Nigerian government and the oil and gas companies. Without an attempt to resolve these issues, there is fear that new oil and gas developments will exacerbate the crisis in the area, which will lead to further disruptions in gas supply, while worsening the insecurity and impoverishment in the area.

Measurable results: Projected emission reductions over the life of the project should be predictable and emission reductions should also be amenable to validation and verification.

Reality:

As Chris Miller of Chevron confirmed, projections on greenhouse gas emissions reduction from the WAGP are "theoretical", with the sponsors unable to say, in concrete terms, the amount of currently flared associated gas from Chevron and Shell oil fields in the Niger Delta that will feed the WAGP, which will be connected to an existing Escravos-Lagos Gas Pipeline built to transport unflared non-associated gas. The Bermuda registered WAGP is only a transporter of gas and the operating company has argued variously that it actually has no responsibility for oil and gas gathering or flares reduction programmes in the oil fields of the Western Niger Delta.

Environmental impact assessments: *CDM projects will need to satisfy national laws and regulations requiring environmental and social impact assesment prior to project implementation. The project monitoring and verification system will need to produce necessary data to assess ongoing environmental/social impacts during the lifetime of the project.*

Reality:

The Environmental Impact Assessment for the WAGP as with many gas infrastructure projects have been inadequate in process and content, as they fail to evaluate potential impacts related to upstream activities (such as gas collection) or the Escravos-Lagos portion of the pipeline system. The environmental and social dimensions of upstream portions of the project (in the Niger Delta) and potential future/related activities are given insufficient attention in the EIAs.

In the case of the WAGP, community members could not participate in the EIA processes as there was inadequate prior consultation. Members of the affected communities in the Badagry area of Lagos State expressed serious reservations and challenged the project in the Federal High Court. The draft EIA was also not made available to community people. For example, copies of the draft EIA supposed to be on public display at the Lagos State Ministry of Environment were hidden in the office of the Permanent Secretary, away from the reach of community people, contrary to the mandatory provisions of the Environmental Impact Assessment Act No 86 of 1992.

Stakeholder comments: *Project participants are required to invite and consider comments from local stakeholders on proposed CDM projects, in the course of finalizing the project design.*

Reality:

Again, using the example of the WAGP, we discover that public consultations and information dissemination about the project was inadequate. At the community level WAPco's contact with community members in Lagos State was restricted mainly to paying pre-determined amounts as compensation to certain landowners while excluding the larger community: A sure recipe for communal conflict.

ENDING GAS FLARING AND THE 'LOSS OF OIL PRODUCTION

Without a clear focus, the flaring issue seems to create a dilemma for government. If no 'market' is created for the gas and it is not re-injected into the ground, then simply turning off the valves means turning off not just the gas flares, but much of the oil production as well.
The next question is how much oil production would be turned off and to find this out, some hopefully accurate statistics must be found as to how much of the associated gas is actually being flared and its relationship with crude production. Unhappily this is not nearly as easy as it sounds, as the companies continue to be very coy about flaring numbers.
The standard complaint by oil companies is that shutting in wells which have not been modified to end flaring of gas will result in a loss of oil production for Nigeria. However, as Nigeria is a member of OPEC, we expect much of Nigeria's crude oil production capacity to be held back. In this case, unless oil companies have been misleading on limited progress over flaring, it should be possible to close in onshore locations while prioritizing areas which are no longer flaring. Obviously companies which had succeeded in ending flaring would benefit while others would have a powerful incentive to deal with gas flaring issues immediately.

Benefits of an immediate end to flaring

Oil companies claim that an immediate end to gas flaring would cause a significant amount of production to be closed in as well as cause Nigeria loss of revenue. But this claim has been countered by the DPR, which has made it clear "that shutting in wells would not amount to revenue loss as the country would rather be conserving revenue". The agency also bemoaned the value of the gas being flared and described the oil production, which would be cut as deferred income.
It is a known fact that the Nigerian state loses, by government estimates, at least **$2.5 billion every year** from gas flaring. The failure to bring a significant reduction in gas flaring can reasonably be said to have **cost Nigeria at least $10 Billion over the past four years alone.**

While gas is being flared we have gas fired power stations which have been built without the necessary gas supplies or infrastructure to ensure their effective operation. The environmental and social costs of the failure to end gas flaring and deal with the power crisis in Nigeria should be obvious to all Nigerians.

Picture by Peter Roderick

978-978-086-028-8