

***Niger Delta Peace and Security Strategy Working Papers*****ILLEGAL OIL BUNKERING IN THE NIGER DELTA****Stephen Davis, Dimieari Von Kemedi and Mark Drennan<sup>1</sup>**

This paper provides an overview of oil theft in the Niger Delta and the ways in which it affects the prospects for peace and security in the region. The paper distinguishes between local small scale oil theft for the domestic market and the larger scale oil theft involving transport by sea-going tankers to international destinations. It is one of a series of information papers drafted with the principal purpose of providing background information to members of the Niger Delta Peace and Security Working Group<sup>2</sup>.

**Introduction**

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Nigeria is Africa's leading oil producer, and the world's seventh largest exporter of crude oil, shipping nearly 2.5 million barrels a day. The Nigerian economy is dependent on the exploitation of oil and the nation's future is very much tied to crude oil. However, with an estimated population of almost 130 million people and a political system struggling to establish a democracy after decades of military rule, Nigeria has been plagued with widespread corruption closely associated with the bunkering of crude oil.

"Bunkering" is a term used to describe the process of filling a ship with oil (or coal). "Illegal bunkering" as used in respect to oil is a euphemism for oil theft. Large-scale illegal oil bunkering has become an increasingly significant issue over the last six years. In 2000, it was reported that 140,000 barrels of crude oil was stolen each day. In 2001, the reported figure had dramatically risen to 724,171 barrels per day. The average daily figure from January to October 2002 was 699,763 barrels.<sup>3</sup> In 2003 it had fallen to around 200,000 barrels and in 2004 risen to around 300,000 barrels per day. The significant drop in the amounts stolen between 2002 and 2003 may be associated with the strong claims that the amount stolen is considerably under-reported. However, the basis for calculating these figures has not been disclosed by any party and comparison of figures may be misleading.

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<sup>2</sup> The Niger Delta Peace and Security Working Group is the group of principal stakeholders formed to draft the peace and security strategy (PaSS) for the Niger Delta. The PaSS is the outcome of the Niger Delta Peace and Security Blueprint drafted at the request of President Obasanjo. The Working Group is also responsible for overseeing and reporting on the implementation of the Peace and Security Strategy.

<sup>3</sup> Vanguard, 24 December 2002

Governor James Ibori of Delta State blamed the highly publicized 2003 conflict in Warri, the state capital, on the activities of an oil bunkering syndicate that collaborates with foreigners to fuel the civil unrest with a view to creating room to enable them to engage "in their illegal oil deals in the creeks."<sup>4</sup> In 2003 Kenneth Ehigiator commented in Vanguard that, "The oil under the Niger Delta, which is the mainstay of the Nigerian economy as a whole, has proved a curse for those trying to bring peace and development to the warring communities around Warri. There is simply too much money at stake."<sup>5</sup> That same year, Brigadier-General Elias Zamani, then commanding a Delta peacekeeping force, was asked whether oil was being stolen by local people, the security forces, government officials or an international element. His reply was, "All."<sup>6</sup>

### **Profile of Illegal Oil Bunkering**

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In the Niger Delta illegal bunkering is rife in places like Port Harcourt, Warri, Okrika, Bonny, Akassa and Soku. These are major loading points for the international market. There are many other key sites for illegal bunkering into more remote areas of the swamp such as Jones Creek and Cawthorne Channel. The pipeline vandalization and other activities associated with illegal oil bunkering take place in far more diverse areas throughout the Niger Delta. The vast majority of the oil bunkered illegally is destined for the international market but other products such as condensate<sup>7</sup> and refined petroleum can be sold locally. Some direct uses for crude in local industry have been identified, ensuring the existence of a local market, but this cannot utilize the vast amount of crude oil stolen daily and hence the key to the operation is export. The poor state of Nigeria's oil refineries ensures that a significant amount of the exported oil is then imported back into Nigeria, at considerable cost to the country.

Illegal bunkering of oil in the Niger Delta is widespread and conducted in a surprisingly open manner. Asari Dokubo, leader of the Niger Delta People's Volunteer Force (NDPVF), is often linked with illegal oil bunkering. He claims that there is nothing wrong with him or other Ijaw people carrying out the business of illegal bunkering because the oil belongs to the Ijaw people. He contends that it is in fact those who are awarded oil lifting licenses that are illegitimate dealers because of what he describes as the climate of conspiracy and corruption surrounding

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<sup>4</sup> Governor Ibori, 24 August, 2003

<sup>5</sup> Vanguard, "Oil smugglers accused of fueling Warri crisis", 21 August, 2003,

<sup>6</sup> Cited in Michael Peel, "Crisis in the Niger Delta", July 2005

<sup>7</sup> Condensate is the very flammable oil left once gas has been extracted from crude.

the whole business.<sup>8</sup> With arguments like this illegal oil bunkerers try to rationalize their involvement in a clearly criminal activity.

The process of legal bunkering in Nigeria has, over a succession of federal administrations, been highly political. Licenses to “lift” crude oil (take from the terminal and sell) are not awarded under clear and transparent rules and are often used to gratify political cohorts and friends and associates of leading politicians. The Nigerian National Petroleum Company (NNPC) receives an average of 57 percent of crude oil produced in Nigeria. It has a right to dispose of crude as it wishes. The Government appoints agents to sell its crude oil. These agents are awarded a license to “lift” a defined volume of oil per month and sell it.

Illegal oil bunkering is not always totally unrelated to the daily process of lifting legally bunkered oil. There is a strong suggestion that some of the legally approved oil lifters are also involved in illegal oil bunkering. It has long been suspected that legally approved oil lifters take more than their official allocation via a corrupt process that can ‘carry along’ regulators. By this means they are able to lift beyond the approved quantity allocated to them. In 2003 a motion sponsored by the Chairman of the House Committee on Petroleum, Hon. Halims Agoda and eight other members, noted that the Federal Government of Nigeria may be losing over N(naira)100 billion (US\$770 million) annually to large-scale fraud and illegal bunkering by oil servicing companies.<sup>9</sup> This is an aspect of illegal oil bunkering that is often ignored by policy makers and analysts who most often concentrate on that aspect of illegal oil bunkering that features the use of small vessels to transport oil from vandalized facilities. However, the form of illegal oil bunkering referred to in the Members’ motion put before the House accounts for a significant percentage of the losses the country suffers through this illicit activity.

There are therefore three main aspects of illegal bunkering. First, the small scale pilfering of condensate and petroleum product destined for the local market. Second, the large scale theft of crude oil involving international maritime tanker transport for refining outside Nigeria. Third, the excess lifting of crude oil beyond the licensed amount.

### **Small Scale Oil Theft**

Small scale illegal bunkering is most profitable when petroleum product or condensate rather than crude oil is stolen. Product and condensate can be used immediately whereas crude

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<sup>8</sup> Personal communication with militia leader, 2004

<sup>9</sup> This Day, “Oil Bunkering: Nigeria Loses N100bn Annually”, 27 February 2003. This may be conservative when one considers that at the time this claim was made oil was \$31 per barrel.

requires refining. The sale of product and condensate on the local market yields a quick return with minimal and simple transaction arrangements.

Small scale illegal oil bunkering or pilfering starts with a prospective middle level operator making contact with, or being contacted by an influential operator who must have the right contacts in politics and the military. The middle level operative then registers with a militia, cult or community based gang. Such a group must be willing and able to provide the workforce and/or the immediate security cover to protect the business. The ability of the militia or the protection force to provide that service is as important as their willingness, because such a group must be able to establish habitual obedience to its will throughout the transport corridor. It is not uncommon for groups to fight over control of these transport corridors. In the Okrika transport corridor many young men have lost their lives in battles for control. Establishing control over a defined territory has become an increasingly strong feature of militia activity in the Niger Delta in recent years, and is sometimes known as “bunkering turf”<sup>10</sup>.

Having established contact with a suitable and stable labour and protection force, the middle level operator is now able to assign the responsibility of lifting crude to low-level operatives, who are predominantly youths from the Niger Delta. Small crafts are then hired to load the crude oil from points of access. An informant from within the oil company will assist in providing the details of patrol efforts, schedules, types of surveillance; as well as giving technical training in “hot tapping”<sup>11</sup>. A technically proficient person is then needed to carry out the processes of hot-tapping the oil from the pipeline.

One source claimed that the security forces are heavily rewarded in order to gain their cooperation.<sup>12</sup> Another source, a high-ranking military officer, fears he will soon be transferred out of Port Harcourt because that is a fate that awaits any officer who refuses to facilitate the illegal bunkering activities. The major bunkering financier provides the expensive barges needed to take the crude to waters close to the high seas from where the tankers leave for their final destinations. All these activities take place under the watch and sometimes protection of security agents.

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<sup>10</sup> Etannibi E.O. Alemika in UNODC, “Transnational organized crime in the West African region”, Jan 2005

<sup>11</sup> This involves piercing trunk pipelines bringing oil from beyond the swamps to the firms’ export terminals, and fitting valves of their own, diverting tonnes of crude into their boat. This is a dangerous procedure that routinely cost lives due to accidental outbreak of fires during the bunkering process. Photographs of incidents of hot tapping are available on the Legal Oil website, [www.legaloil.com](http://www.legaloil.com).

<sup>12</sup> There is a widespread belief that many Nigerian navy personnel are willing and able to do business with illegal oil bunkerers.

### **Large Scale Oil Theft**

Given the finite number of locations where bunkering can easily be conducted on a large scale, and the competition between groups involved, the illegal oil bunkering process that has been operating in the Niger Delta in recent years is well organised.

Criminals mostly tap into oil pipelines through “hot tapping”. This is usually done at night when oil companies and most security organisations have embargoes on staff field movement. These embargoes are imposed primarily due to the security risk to company personnel. There are many variations on this technique; manifolds are a popular target as are well-heads and any area where a pipeline emerges from the swamp, for example at a river crossing or junction point. In the most straightforward operation, crude oil is piped into river barges and transported to ships offshore for sale and refining in other countries. Barges are carefully sequenced with an empty barge coming in when a full one is ready to move to offshore tankers. Barges and tugboats can be hired independently. Illegal bunkering groups need to ensure that the tapped pipelines are in constant use in order to avoid detection, which may result from registering a change of pressure on the gauges at the flow station. The oil thieves ensure the tapping points are protected during night hours to prevent other illegal bunkering groups from taking over.

The bunkered pipe location has to be controlled by “settling” local communities and through superiority of force. In addition to controlling the bunkering location, “passage communities” (on the route to the off-shore tankers) and the navy must be settled. Not only are key people from nearby villages settled, but the thieves must hire boys from the local villages to do the bunkering work. In some cases this may also include hiring local armed boys to provide “security”. More often, the security is provided by militia and agreed well before the proposed operation. Militia security will chase away anyone that attempts to illegally bunker oil without first settling the militia.

Illegal bunkerers must be union members. To become a union member a potential bunkerer must pay a fee which, in effect, gives the member access to oil theft opportunities. The navy will only allow union members to bunker illegally. The illegal bunkerers negotiate with the navy a date for the operation. The agreed date must also be acceptable to the villages in close proximity to the operations. The navy then ensures that there will be no naval presence in the area during the operation. If, by some chance, a naval vessel appears in the area during the operation, such vessels have been known to receive orders to make steam away from the intruders.

Crude oil tapped from the wellhead or from the main line before it passes through the meters is pumped into the barges that then make their way down stream and thence off shore to bunker into a waiting tanker. In some cases the tankers are small enough to come inshore and the crude oil is pumped direct from the wellhead or manifold to the tanker.

Governor Ibori has suggested that large-scale illegal bunkering operations have become so sophisticated that the involvement of oil company staff has become less important. He believes that the bunkerers are now capable of operating the necessary equipment at wellheads and allowing access without the help of staff.<sup>13</sup> Involvement of oil company staff in this vein is still reported however, and in some cases it seems they are also settled in advance to ensure there will be no company inspection of the manifolds at the time of the operation. When asked about the complicity of his staff in illegal bunkering, Chevron's managing director, Jay Pryor responded saying, "That one's a hard one. I can't say."<sup>14</sup>

### **Managing the Process**

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Local youths headed by a local boss are employed to assist the operation, mainly through provision of labour. Some are used to provide close security and will be hired at a higher price if they have their own automatic weapons. Alternatively, they can be hired at a lower rate and provided with weapons and ammunition. Local bosses rarely know the identity of the patron, who often has close relationships with government and the military. Security deals with militia do not provide for close protection. Rather, militia payments provide area protection and a right to bunker. Cash, drugs and weapons are exchanged for oil. In some cases the crude oil is sent out to the waiting tanker, and the barge returns, with an earlier agreed payment package of cash and weapons. The weapons are new and generally AK47s.

In order to control locations, illegal bunkering groups will actively support sympathetic community leaders with cash and thugs – and oppose or kill resisting leaders. Local favour is often fostered by allowing 'scoopers' from neighbouring communities to fill up jerry-cans (as part of settling communities) for sale in the towns.

Militias that provide security services to illegal bunkerers have identified senior state and federal politicians and businessmen associated with the oil theft operations. Some of those identified are sponsors and pay the militia security fees; others provide the barges as their part of the

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<sup>13</sup> Human Rights Watch, "The Warri Crisis: Fueling Violence", December 2003

<sup>14</sup> Michael Peel, "Crisis in the Niger Delta", July 2005

operation, or hire them to the cartel that is running the operation. A barge costs between six and ten million Naira (US\$45-74,000). The larger barges carry up to 5,000 barrels.

As in legal bunkering, illegal oil bunkering is a multinational business. There is speculation that several Eastern European, British, Australian and Lebanese businessmen are involved in the provision of finance and tankers for exporting the oil to refineries in Ivory Coast, Senegal and The Gambia. It is suspected that certain West African oil refineries rely almost solely on stolen Nigerian crude.<sup>15</sup> Moroccan, Venezuelan, French and Russian involvement has also been suggested.<sup>16</sup> The Nigerian Government moved to close off the Ivory Coast refining of crude oil, stolen from Nigeria, by putting in place a contract for supply of oil to the state owned refinery. One widely discussed money trail goes from Senegal and Ivory Coast through French banks and French credit agencies thence to Syria and Lebanon. Stolen Nigerian crude is also reaching the Rotterdam spot market.

### **How much is Stolen?**

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In 2000, the total number of barrels reported stolen was 50,869,300. In 2001, the amount of oil reported stolen rose to 264,322,734 barrels. The figure from January to October 2002 was 255,413,770.<sup>17</sup> In January 2003 Shell Petroleum Development Company of Nigeria (SPDC) stated it was losing about 100,000 barrels of crude per day due to the activities of illegal oil bunkerers. Other companies were also believed to be losing about 150,000 barrels of crude oil in a similar manner, making a conservative total of 250,000 barrels lost daily<sup>18</sup>.

An escalation in conflict fosters a climate favourable to oil theft. In short, widespread conflict masks the conduct of illegal bunkering. It is not surprising then that the Niger Delta conflict of early 2003 also coincided with a sharp rise in the amount of oil stolen. Unsurprisingly, the vast majority of the oil stolen was sourced from areas of conflict. When production in areas such as Jones Creek are shut-in due to conflict, and company staff withdrawn due to the risk to life, illegal bunkerers are free to steal oil without the company knowing how much is stolen. In short, the oil is stolen at the well-head, before it passes through a meter and therein the theft will go largely undetected, unless suggested by oil spills that may occur during the illegal bunkering operation. In such cases the amount illegally bunkered daily can exceed the daily oil production of some nations such as Equatorial Guinea (249,000 barrels), Gabon (240,000 barrels), Italy

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<sup>15</sup> www.gasandoil.com, "Nigerian oil theft is an international enterprise", 5 March 2004

<sup>16</sup> UNODC, "Transnational organized crime in West African region", Jan 2005

<sup>17</sup> Vanguard, "Opinion", 24 December, 2002

<sup>18</sup> Presuming that oil theft occurs generally evenly across the main oil producing states of Bayelsa, Rivers and Delta.

(107,000 barrels), Denmark (368,000 barrels), Romania (123,000 barrels), Peru (192,000 barrels), and Thailand (217,000 barrels).<sup>19</sup>

The governor of Nigeria's oil-rich Delta state, James Ibori, has said thieves are stealing 300,000 barrels of Nigerian crude oil each day. Governor Ibori's figure is much higher than many oil industry estimates, which suggested at that time that 200,000 barrels a day were stolen. On 01 August 2003 Governor Ibori told the BBC Network Africa programme that the theft was costing the country around US\$3.5 billion a year in lost revenue. At the same time Frank Efeduma, Shell's External Relations Manager in the Western Niger Delta, estimated oil theft at, "around 70,000 to 100,000 barrels per day in the western region,"<sup>20</sup> of Shell Nigeria's operations in the Niger Delta. In the Niger Delta as a whole, theft accounts for up to 150,000 barrels per day, he added, with most of it ending up smuggled to unscrupulous refineries outside Nigeria by international syndicates.<sup>21</sup> In March 2004 Government officials estimated that at some points in 2003, 10 to 15 percent of Nigeria's two million barrels per day oil output was being siphoned off illegally by bunkering gangs for sale overseas.<sup>22</sup> One year later the government estimated that as much as 300,000 barrels of Nigerian crude oil is illegally bunkered (freighted) out of the country each day. This was estimated at the time to represent a loss "equivalent to US\$8.5 million per day".<sup>23</sup> During that period the average price of crude oil had gone from US\$31 per barrel (2003) to US\$41 per barrel (2004)<sup>24</sup> bringing the total annual value of stolen oil in 2004 to \$4.49 billion.

Addressing the Conference of Security in the Gulf of Guinea in July 2005, the Nigerian Vice President Atiku Abubakar put the amount of oil theft between 80,000 and 300,000 barrels a day, widely varying figures which highlight the lack of clarity there is regarding the statistics in question. At the 18<sup>th</sup> World Petroleum Congress in Johannesburg in September 2005, the Group Managing Director of NNPC, claimed that crude oil was currently being stolen at a rate of just 30,000 barrels a day. He stated that this was a 70 percent drop from the previous year's recorded total of 100,000 barrels per day. He went on to argue that this improved situation was largely due to the benefits brought to the socio-economic environment in the Niger Delta, by a move from community "assistance" to community "development" on the part of the Federal Government and its Joint Venture Partners. This proposed decline is perhaps backed up by

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<sup>19</sup> Oil production in barrels per day in year 2003, Statistical Review of World Energy, <http://www.oilcrisis.com/bp>

<sup>20</sup> Vanguard, "Oil smugglers accused of fueling Warri crisis", 21 August, 2003

<sup>21</sup> Ibid

<sup>22</sup> IRIN, "13 Russians charged and remanded for oil smuggling", 3 Mar 2004

<sup>23</sup> Dr. Edmund Daukoru, Presidential Adviser on Petroleum and Energy, "Niger Delta Community Crisis – Agenda for Sustainable Peace", 16 April, 2004.

<sup>24</sup> Prices for West Texas Intermediate sourced from the US Energy Information Administration.

Governor Victor Attah’s statement in October 2005 that there were no reported cases of illegal bunkering or pipeline vandalism in Akwa Ibom State.<sup>25</sup> Governor Attah claimed that Navy activity had put an end to the crime. Such statements have to be seen as extremely conservative estimates, particularly given the status of those who have been arrested as part of the Joint Military Task Force’s “Operation Restore Hope”. All too often these suspects can be described in terms used by the Operation’s Public Relations Officer, Major Said Hammed, when referring to five men arrested at the Warri Refinery in October 2005 - “mere pawns and expendables in the illegal operation.”<sup>26</sup>

It is not clear as to precisely how much Nigeria loses from oil bunkering since like in any other illegal activity it is difficult to measure the volume of oil sold through this process. What is clear is that the value of the stolen oil and the impact are enormous. With the price of Bonny Light crude oil continuing to rise, averaging US\$55.67 per barrel in 2005, US\$17.40 more than its 2004 average of US\$38.27, the effort to curtail increasingly profitable illegal activities needs to be seriously escalated. The average Bonny Light price for the last quarter of 2005 was in fact US\$58.61<sup>27</sup> and in January 2006 it rose again, this time to US\$63.80<sup>28</sup>.

Price Summary (Averages) <sup>29</sup>							
Year							
	1999	2000	2001	2002	2003	2004	2005
<b>Bonny Light Crude (\$/barrel)</b>	<b>18.07</b>	<b>28.49</b>	<b>24.50</b>	<b>25.15</b>	<b>28.76</b>	<b>38.27</b>	<b>55.67<sup>30</sup></b>

Taking into account the available government and oil company sources, conservatively between 100 million and 250 million barrels of crude oil are stolen each year without taking into consideration excess lifting by licensed lifters and oil servicing companies. This conservatively represents an income to the thieves of between \$1.5 billion and \$4 billion, averaging a black market price of \$15/b in 2003; \$2 billion and \$5 billion, averaging a black market price of \$20/b in 2004; and \$2.5 billion and \$6.25 billion, averaging a black market price of \$25/b in 2005. This represents a loss to the Nigerian Government of between \$1.48 billion and \$3.72 billion at \$20/b, and \$2.5 billion and \$6.2 billion at \$30/b; and a loss to the oil producing companies of between \$113 million and \$282 million at \$20/b, and \$121million and \$302 million at \$30/b,

<sup>25</sup> This Day, “Attah Commends Navy”, 6 October, 2005

<sup>26</sup> This Day, “Task Force Arrest 5 Pipeline Vandals”, 8 October 2005

<sup>27</sup> OPEC Monthly Oil Market Reports, December 2005 & January 2006

<sup>28</sup> OPEC Monthly Oil Market Report, February 2006

<sup>29</sup> OPEC Annual Statistical Bulletin 2004 and Platts

<sup>30</sup> Year-to-date average 2005, OPEC Monthly Oil Market Report, January 2006

which approximates the average crude price in 2003.<sup>31</sup> At the 2004 and 2005 average prices of \$38/b and \$56/b respectively the loss to the Nigerian Government and the loss to the oil producing companies is not known as the official Government percentage of the barrel take of each party at the higher barrel prices is the result of a sliding formula and not accessible. According to SPDC, at the price of \$50 for each barrel of crude oil the Government receives \$44.13 (88%) and the oil company \$1.87 (3.7%). \$4 from each barrel goes to covering technical costs. These figures would suggest that in a year which sees 100 million to 250 million barrels of crude oil stolen at a value of \$50 per barrel, the government would lose between \$4.4 billion and \$11 billion and SPDC would lose between \$187 million and \$467.5 million.<sup>32</sup> At the time of writing this paper the average price of crude is higher (\$58/b) than is catered for in SPDC's suggested figures and almost double the base for the percentage take for each of the parties shown here for 2003. The recalculation of the current value of the illegally bunkered oil is sobering.

Given that 'host communities', passage communities, militia and the military have to be settled, net profits are reduced but still very rewarding, particularly with higher oil prices in 2005 and 2006.

### **Government Efforts against Illegal Oil Bunkering**

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Shutting down illegal bunkering operations has been a very difficult challenge for successive administrations because of the participation of highly placed persons in this illegal activity, and their ability to threaten government stability if pushed too far. This has meant that government has had to treat this important problem with specially cushioned kid gloves. In 1985 when General Buhari overthrew the government of Alhaji Shehu Shagari he gaoled some people for "contributing to the economic adversity of Nigeria"<sup>33</sup>. There is the view that the Buhari administration's severe approach to combating oil bunkering was partly responsible for the overthrow of his government.

Throughout the Babangida<sup>34</sup> and Abacha<sup>35</sup> dictatorships, illegal oil bunkering continued to flourish while the military hierarchy continued to turn a blind eye to it, partly to keep key

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<sup>31</sup> At a selling price of \$20 per barrel, the Nigerian Federal Government receives (74.4%)\$14.88, costs are (20%) \$4 and the producers get (5.6%) \$1.13. At \$30/b government gets (86.2%) \$24.79, costs are (13.3%) \$4 and the producers get (4.1%) \$1.21.

<sup>32</sup> Basil Omiyi, "Overview of SPDC Operations in the Niger Delta", cited in All Party Parliamentary Group on the Niger Delta's, "Delegation to the Niger Delta", December 2005

<sup>33</sup> The official charge against oil bunkerers.

<sup>34</sup> Military ruler 1985 - 1993

<sup>35</sup> Military ruler 1993 - 1998

supporters happy and partly as profitable negligence. The advent of civil rule in 1999 witnessed an escalation in illegal oil bunkering, which coincided with the general state relaxation of military control in the Niger Delta. To many people this was an expected consequence of the introduction of democracy. As often happens in such situations, the withdrawal of military presence is not matched by the increased presence of well-trained state police and rule of law. Subsequently, the federal government under the administration of Olusegun Obasanjo began to take more serious measures to address the problem of illegal bunkering, particularly in the Administration's second term when the full state of the situation became evident.

By mid 2003, after the Obasanjo Administration had won a second term, illegal oil tanker activity was rife across the Niger Delta coast. In the 12 months up to March 2004 a total of 15 ships suspected of involvement in the illegal trade in crude oil in Nigeria had been seized, according to the navy.<sup>36</sup> This was a small fraction of the illegal tanker activity. In late 2003, the navy intercepted and impounded the Capbreton, a large tanker loaded with crude oil. The Capbreton's owner was listed as Okon Onyung, a retired army officer and local doctor, according to investigators. Dr. Onyung was arrested, his bank accounts frozen and his Lincoln Navigator impounded. But before charges could be further pursued a local magistrate granted Dr. Onyung bail and he subsequently disappeared. More alarming is the disappearance of seized ships or, in some cases, their cargo whilst in custody, suggesting complicity on the part of navy, police and government.

In the same sweep that netted the Capbreton, the navy brought in nine ships including the 12,000-ton African Pride, which was loaded with 80,000 barrels of crude. Navy officers seized the ship, tied it up at a Lagos wharf and detained the crew. Then, sometime between 6<sup>th</sup> and 8<sup>th</sup> August 2004, the tanker vanished. The lone guard posted to secure the ship later testified that he left his post after having no contact from his superior officers for three weeks, according to Anthony Aziegbemi, chairman of a parliamentary committee on naval affairs that is investigating. Other testimony suggested there was a payoff to the navy to allow the ship to sail, but no conclusive proof ever emerged.

In September 2004 the House of Representatives summoned the former Chief of Naval Staff, Vice Admiral Samuel Afolayan; Chief of Defense Staff, General Alexander Ogomudia and Director General of the State Security Services to appear before it to explain the circumstances

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<sup>36</sup> IRIN, "13 Russians charged and remanded for oil smuggling", 3 March 2004

surrounding the disappearance of the African Pride, detained by security authorities in connection with alleged stealing of crude oil.<sup>37</sup>

According to Mr. Agoda, a member of the House of Representatives, who brought a motion on this matter before the House, the disappearance of the ship while it was being guarded by Nigerian Armed Forces was a national embarrassment and those responsible for the major security breach should be brought to book. He noted that the incident might be one of several others taking place in the country's oil industry without detection. The House, therefore, mandated its Committee on Navy to investigate the circumstance leading to the disappearance of the ship and recommend appropriate sanctions for those involved in facilitating the disappearance.

The navy eventually court-martialed three admirals in connection with the incident. The presiding officers ruled that two of the admirals be dismissed from the service for facilitating theft; the third was exonerated. Capt. Sinebi Hungiapuko, the navy's director of information, denied that any bribes had been taken and insisted that navy headquarters has no reason to believe that any officers in the Delta are on the take. "But in an organization like this there can be bad apples," he said.<sup>38</sup>

This was not the end of the matter. In July 2005 the M.T. African Pride, was found in the United Arab Emirates in the custody of its Greek owners.<sup>39</sup> Officials of the Russian Embassy, whose nationals were among the crew of the African Pride and still in Nigerian custody to be tried for illegal oil bunkering, disclosed the location of the ship to the Nigeria Speaker of the House of Representatives. The officials said that from available information, "it was obvious that the Greek owners of the ship organised the stealing of the ship possibly with the connivance of some Nigerian security agents. We have positively identified that the ship is in the United Arab Emirates in the custody of its original owners."<sup>40</sup> On 14<sup>th</sup> December 2005 the twelve Russians, two Georgians and the Romanian that were still being held in Nigeria pleaded guilty to a charge of unlawful possession of 11,300 metric tons of crude oil (Valued at N345 million) found on board the M.T. African Pride.<sup>41</sup> They were sentenced to six months in prison and, having already been detained for some 23 months, were released.

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<sup>37</sup> The Punch, 3 September 2004

<sup>38</sup> The Wall Street Journal, "The implications of Nigeria's crackdown on corruption", 13 April 2005, p. A1

<sup>39</sup> Vanguard, "M.T. African Pride Found in UAE", 19 July, 2005

<sup>40</sup> Vanguard, "M.T. African Pride Found in UAE", 19 July, 2005

<sup>41</sup> Vanguard, "Court Jails 12 Russians, 2 Georgians, Romanian", 15 December 2005

The transparency levels of Navy activity are far from satisfactory. The M.T. African Pride incident has shone the spotlight on the Nigerian navy's efforts to combat illegal tanker activity resulting in several major seizures. Between February 2001, when the Nigerian Navy commenced operations against illegal bunkerers, and November 2004 a total of 203 vessels/barges were arrested for crude oil theft. Three of these vessels were the MT Mahdi, the MT Tina and the MT Glory. The MT Mahdi, owned by Al-Dawood Shipping LTD, was impounded in December 2003 but a dispute ensued regarding whether or not the oil on board was legal or illegal. Following a lack of any charges and the provision of evidence supporting the claim of the crew that their cargo was fuel and not crude, Justice Dan Abutu ordered for the vessel to be returned to its owners.<sup>42</sup> Accusations followed that the Navy was illegally siphoning off the fuel in the vessel and a court order was issued for the arrest of the Chief of Naval Staff, Admiral Samuel Afolayan for disobeying Justice Abutu's ruling. In June 2005 the Admiral brought an application before a Lagos Federal High Court which claimed that the MT Mahdi had been carrying illegally bunkered oil and that the EFCC<sup>43</sup> was prosecuting crew members and other suspects. In the Admiral's application, which called for the dismissal of the order for his arrest, he stated that the EFCC had obtained a court order which directed that the oil in the MT Mahdi (and other ships arrested for carrying illegal oil) be taken from the vessel and sold. The profits were to be placed in an interest yielding account in any reputable bank pending the prosecution of the arrested suspects.<sup>44</sup> On 12<sup>th</sup> October 2005 it was reported that the MT Tina and the MT Glory, both owned by Petrostar Shipping Company, were finally released by the Navy having been initially seized on 23<sup>rd</sup> April 2003. Tests had proved that the ship was not carrying crude but instead Low Pour Fuel Oil.<sup>45</sup>

There was a high level of public criticism directed at the police in respect to the low level of successful prosecutions. Hence, it was not surprising that the EFCC was appointed in July 2004 to prosecute oil thieves.<sup>46</sup> This change has reportedly improved the efficiency of the process, from arrest to prosecution, and the EFCC claims to have dealt with 126 suspects and prosecuted 20.<sup>47</sup>

There is a great deal of hope being placed in the Navy's ability to put an end to illegal bunkering. It is reported that 49 ships and seven tug boats as well as 210 barges and other boats were impounded because of their use in oil theft between February 2001 and October

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<sup>42</sup> This Day, "Naval Chiefs Ordered to Release Vessel", 8 April 2005

<sup>43</sup> Economic and Financial Crimes Commission

<sup>44</sup> This Day, "Bunkering: CNS Implicates M.T. Mahdi", 8 June 2005

<sup>45</sup> Daily Independent, "Bunkering: Navy bows to court order, releases seized vessels", 12 October 2005

<sup>46</sup> This Day, "EFCC Now to Prosecute Oil Thieves", 19 July 2004

<sup>47</sup> Gulf of Guinea Energy Security Working Group, Unpublished, 2005

2005.<sup>48</sup> Moves have been made to bolster the Navy's strength amidst claims made by, amongst others, the Chief of Naval Staff, Vice-Admiral Ganiyu Adekeye, that its ships are obsolete.<sup>49</sup> In December 2004 the Nigerian navy purchased 15 new patrol boats from the United States to fight piracy and the smuggling of stolen crude oil. Four of the boats were to be operational early in 2005, and the remaining 11 boats were expected to be delivered by their American manufacturer before the end of 2005.<sup>50</sup> The beginning of October 2005 saw the Federal Government release four cobal-boats known as Rapid Response Defenders to the Navy's NNS Pathfinder. The boats are fitted with modern communications and weapons systems that it is claimed will allow each to engage as many as ten enemy boats at a time.<sup>51</sup> In what Senator A.D. Sodangi argued was a serious move to equip the force, the Senate Committee on the Navy also promised a new combat vessel.<sup>52</sup> New helicopters have also been sought with acquisition expected by December 2005.<sup>53</sup> The NNPC has even sought to offer help by buying the Navy some flat-bottomed boats.<sup>54</sup> Vice-Admiral Ganiyu Adekeye announced the setting up of two operational bases at Bonny in Rivers State and Egwuama in Bayelsa State. It is hoped that these bases will play a vital role in stemming bunkering and piracy.<sup>55</sup> The Minister of State for Defence, Dr. Rowland Oritsejafor stated in December 2005 that a further decision had been made to install a Forward Operational Base at Madagho, in the Warri South West Local Government area of Delta State.<sup>56</sup> There is still a long way to go for the Navy and indeed the other security services. According to a recent report by the Centre for Strategic and International Studies (CSIS) it would cost \$100 million for the Nigerian Navy to attain what they called, "interdiction capability"<sup>57</sup>. The Gulf of Guinea Energy Security Working Group has called for improvements to Naval capabilities, including the creation of air stations in strategic locations, the installation of coastal radars, the establishment of Forward Operating Bases and improvements in training. Such improvements would allow the Navy to fulfil its role, which the Working Group believes is the key to curtailing the illegal activities of oil thieves. Nigeria would then be in a position to "effectively police its territorial waters and the adjoining maritime areas in the Gulf of Guinea."<sup>58</sup> Crucial to all of this is the political will to patrol both inshore as well as offshore.

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<sup>48</sup> Ibid

<sup>49</sup> Vanguard, "Naval chief wants FG to replace obsolete ships", 27 October 2005

<sup>50</sup> AFP, "Nigeria aids fight against oil smuggling", 29 December 2004

<sup>51</sup> This Day, "Navy Gets New Combat Boats", 4 October 2005

<sup>52</sup> Daily Sun, "Senate wants new combat vessel for Navy", 4 October 2005

<sup>53</sup> This Day, "Navy to Acquire Combat Helicopters", 11 September 2005

<sup>54</sup> Vanguard, "NNPC, JV Partners Plot Improved Security in Niger Delta ", 27 December 2005

<sup>55</sup> This Day, "Navy Opens Base in Bonny", 22 October 2005

<sup>56</sup> The Punch, "FG approves another naval formation in Delta", 1 December 2005

<sup>57</sup> CSIS, "A Strategic U.S. Approach to Governance and Security in the Gulf of Guinea", July 2005

<sup>58</sup> Gulf of Guinea Energy Security Working Group, Unpublished, 2005

As the Niger Delta saw a return to violence on a large scale at the end of 2005, the inability of the security services to deal with militia violence was all too clear. Beginning with the “Martyrs Brigade” attack on an SPDC pipeline in Andoni Local Government Area on 20<sup>th</sup> December 2005<sup>59</sup> the situation escalated further on 11<sup>th</sup> January 2006 with the MEND<sup>60</sup> attacks on the Trans Ramon pipeline and the kidnapping of four expatriates from a support vessel working with the SNEPCO<sup>61</sup> operated EA (East Area) oil platform. The Chief of Naval Staff, Rear Admiral Ganuyi Adekeye, stated “We have been receiving tremendous support from the government. It has never been like this. It has never been near this. But this demonstrates the need for us to improve our operations, especially in respect of the provision of combat weapons, weapons in our vessels and the development of all our operational bases, including the coastlines. If we had all these equipments in place, I tell you, the kidnapers would not have succeeded.”<sup>62</sup> According to Vanguard newspaper, “Clearly, the Nigeria Navy is the security organ of government that is fashioned for marine operations but the reality is that it does not have the paraphernalia to match the brand and category that the militia group parades.”<sup>63</sup> Onengiye Erekosima, a spokesperson for the NDPVF stated that, “There is no security in the Niger Delta. If there is, where were they when the pipelines were blown up?”<sup>64</sup> On the 15<sup>th</sup> January 2006, SPDC’s Benisede Flow Station was attacked and burned with loss of life and damage to many local communities even though military personnel had been sent to secure the station.<sup>65</sup> The problems the military face can be seen again in the two gun battles that ensued on 25<sup>th</sup> January 2006 between security forces and suspected pipeline vandals at Oregha and Egorodo in Delta State’s Uvwie Local Government Area. Those two incidents saw a total of eight barges full of petroleum products blown up, but only two suspected vandals arrested, with the Commander of the task force, CSP Sam Okaula contending that, “These people are heavily armed and as a result they have resisted arrest in most cases because they are always engaging my men in a shoot-out.”<sup>66</sup>

The difficulties that a heightened military presence in the Niger Delta can bring were alluded to when the military deployment to Ijawland oil installations following the arrest of Asari Dokubo was called, “an army of occupation in our land” by the NDPVF spokesperson, Mr. Kime Engozu. He suggested that the influx of security personnel could for this reason elicit violence.<sup>67</sup> It would

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<sup>59</sup> 11 people were reportedly killed.

<sup>60</sup> Movement for the Emancipation of the Niger Delta

<sup>61</sup> Shell Nigeria Exploration and Production Company

<sup>62</sup> Vanguard, “Navy Vows to Crush Kidnappers”, 14 January 2006

<sup>63</sup> Vanguard, “Niger-Delta Hostages Distress Call”, 22 January 2006

<sup>64</sup> Tell, “Anarchy in the oil field”, 30 January 2006, p. 29

<sup>65</sup> Thirteen soldiers were amongst the twenty-two reported dead as was a Shell catering contractor.

<sup>66</sup> Vanguard, “How militants killed our men, by Police”, 26 January 2006

<sup>67</sup> Daily Independent, “NDPVF decries deployment of soldiers to oil platforms”, 12 October 2005

be wrong to suggest that military presence in the Delta was a reason for the violence perpetrated by youths in that area during December 2005 and January 2006, but as security services have been deployed to the region in increasing numbers following incidents like the MEND kidnappings and the attack on the Beneside flow station it is clear that there are issues that need to be addressed.<sup>68</sup> On 17<sup>th</sup> January a gun battle was fought between militant youths and Joint Military Task Force personnel in Ogbotobo, Idwini Kingdom, Bayelsa State. The security force claimed to be searching for the MEND kidnappers but the community chairman condemned their actions, claiming that the soldiers had been intimidating the area.<sup>69</sup> Four soldiers and one SPDC employee died in the incident and 10 other SPDC employees were injured. It is unknown how many community members were killed or hurt.<sup>70</sup> Some communities show little trust in the security services. As more troops arrived in the Niger Delta tensions increased and the civilian population in some areas started leaving their communities. Return Powei, a resident of Ogbotobo, was quoted in Vanguard as saying, "There are soldiers everywhere and I don't want my three girls in the firing line."<sup>71</sup> Enitowari Inengi, who lives in Ozobo near the SPDC's flow station at Beneside, stated, "Almost everyone in my town has fled. Everyone is afraid the military will do to us what they did at Odi."<sup>72</sup>

These tensions are not eased by military action like the helicopter gunship attacks in the Okerenkoko areas on the 15<sup>th</sup> and 17<sup>th</sup> February 2006. Defending the 15<sup>th</sup> February action, the Public Relations Officer for the Joint Military Task Force, Major Saheed Hammed stated that the helicopter was on a routine patrol and having reported the sighting of eight barges being used by illegal bunkerers it was ordered to attack by Chief of Defence Staff, Gen. Alexander Ogomudia. Ijaw community leaders from Okerenkoko stated that in all 20 people were killed and several others injured. Hammed claims however that, "The bombardment of the barges caused an explosion, which community leaders now refer to as the bombardment of the entire community."<sup>73</sup> Community leaders from Ukpogbene, Seingbene and Perezouweikoregbene villages contend that the 17<sup>th</sup> February incident claimed at least 15 lives. The barges of illegal oil bunkerers may indeed have been the targets of these attacks, but such tactics will firstly be used by militants as propaganda to excuse further militia attacks, and secondly increase genuine alienation amongst communities and youths.

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<sup>68</sup> January 2006 saw, for example, a surveillance helicopter, two combat helicopters, NNS Uwamba, NNS Obula, NNS Delta, five fast attack war boats and numerous troops deployed in areas of unrest.

<sup>69</sup> The Guardian, "Chevron may suspend work in Niger Delta", 19 January 2006

<sup>70</sup> Tell, "Anarchy in the oil fields", 30 January 2006, p. 28

<sup>71</sup> Vanguard, "How militants killed our men, by Police", 26 January 2006

<sup>72</sup> IRIN, "Nigeria: Oil-Rich Niger Delta Faces 'Shocking' New Wave of Violence", 27 January 2006

<sup>73</sup> This Day, "Air Force Bombs Oil Bunkerers", 16 February 2006

Some Ijaw militants were accused of starting a fire on 16<sup>th</sup> February 2006 which broke out at Cawthorne Channel field leading to the closure of a flow station with the capacity to produce 37,800 barrels of crude oil a day. Within about ten hours of the 17<sup>th</sup> February military attack on Okerenko village, the militia had responded by attacking a barge operating off-shore in the Forcados area. The barge operated by an oil services company called the Willbros Group was targeted and nine expatriate workers on board were taken hostage by the MEND. The hostages included three Americans, two Egyptians, two Thais, one Briton and one Filipino. The militants also set fire to the Forcados Oil Terminal Loading Platform, which is located 20 kilometres off shore and attacked a pipeline in the Chanomi Creek area, which carries crude oil from the Escravos Terminal to the refineries at Warri and Keduna. Governor Ibori stated that, from the initial information he had received, the kidnappings were made in retaliation to the military attacks in Okerenkoko.<sup>74</sup> President Obasanjo ordered the Joint Military Task Force in the Niger Delta to temporarily halt military incursions in an effort to ease unrest in the area while hostage negotiations were taking place.

That the violence allegedly perpetrated by the Martyrs Brigade and MEND is of a different character to what has gone before gives special cause for concern. The Martyrs Brigade, which describes itself as a splinter group of the NDPVF<sup>75</sup>, claimed that as part of its struggle for self-determination for the Ijaw people it would continue to vandalise pipelines and set up an industry of illegal crude oil export. However the attack they claim to have carried out on the SPDC pipeline in Andoni, did not involve the stealing of oil but the dynamiting of the pipeline. Those who attacked the PPMC<sup>76</sup> pipeline in Adeje on 27<sup>th</sup> December 2005 and later hit the same pipeline right of way in the vicinity of Ogborode village on 29<sup>th</sup> December 2005 appeared to be acting not out of a desire to take oil for themselves but rather to rob the oil company concerned of production capacity. The 'Martyrs Brigade' attack in Andoni forced SPDC to declare a force majeure<sup>77</sup>, regarding the lifting of oil from its Bonny Export Terminal and to close the Bonny Flow stations. This meant that for the two weeks that followed it was deferring 180,000 barrels of crude oil production per day. This would translate into a loss to daily national revenue of approximately \$10.8 million or N1.4 billion.<sup>78</sup> The MEND attacks on 11<sup>th</sup> January 2006 led to

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<sup>74</sup> This Day, "Hostages are Alive, Well, Says Presidency", 21 February 2006

<sup>75</sup> Onengiye Erekosima stated on behalf of the NDPVF that, "We have no relationship with them" (Tell, "Anarchy in the oil fields", 30 January 2006, p. 28). In reaction to a suggested link with their group, a statement attributed to the MEND outline their belief that the Martyrs Brigade is a, "fake group created by Shell and the Rivers State government to undervalue its (MEND's) activities." (Vanguard, "N-Delta: Tension as troops parade creeks", 19 January 2006)

<sup>76</sup> Pipelines and Products Marketing Company

<sup>77</sup> Its inability to honour contracts.

<sup>78</sup> Daily Champion, "Explosion Rocks NNPC Pipeline", 22 December 2005

the 'shutting-in' of 226,000 barrels per day.<sup>79</sup> Later SPDC would evacuate approximately 326 members of staff for safety reasons from flow stations in Bayelsa State.<sup>80</sup> In February 2006 the pipeline vandalism that had occurred forced the Warri refinery to close for approximately three weeks.<sup>81</sup> The discontinuation of service from the Forcados terminal following the 17<sup>th</sup> February attacks resulted in the 'shutting-in' of 380,000 barrels of crude oil each day and the closure and evacuation of the EA offshore field on 18<sup>th</sup> February added 115,000 barrels a day to the production deferment. Nigerian crude oil production was therefore cut by approximately 495,000 barrels, representing 20 per cent of average daily production and a daily loss of close to \$29million or N3.75billion. On the 19<sup>th</sup> February SPDC took a further step, shutting down its entire Western Division and declaring 'force majeure' as an estimated 600,000 barrels of crude oil production was subsequently deferred.<sup>82</sup>

When the MEND contacted the government following their kidnapping of four oil workers they did not ask for money but political action. They demanded that the Ijaw people be given control over their own resources; that Shell pay \$1.5 billion to compensate for oil pollution in the area; that Alhaji Asari Dokubo, the NDPVF leader facing trial for treason be freed; and that Diepreye Alamieyeseigha, the impeached Governor of Bayelsa State arrested on money laundering charges be released. It has been reported that another demand was that oil companies must withdraw from the Niger Delta within 48 hours. They told the oil companies, "Go home. It is clear that the Nigerian Government cannot protect you... We are capable of and determined to destroy the ability of Nigeria to export oil."<sup>83</sup>

On capturing the nine hostages on 17<sup>th</sup> February the MEND made fresh calls for the release of Asari Dokubo and Alamieyeseigha as well as the payment of \$1.5 million and also demanded the removal of troops from the Niger Delta and the granting of resource control to communities.<sup>84</sup> This is not to say that these groups are not involved in illegal bunkering, as the Martyrs Brigade threat of an "industry of illegal crude oil export" shows. Illegal bunkering will doubtless go a long way to funding their actions, as will the violent armed robberies attributed to militia groups at NAOC's Oil Headquarters in Port Harcourt on 24<sup>th</sup> January 2006 and at the headquarters of Daewoo Engineering on 28<sup>th</sup> January 2006. What it does show is that these militia groups are capable of, and committed to severally damaging Nigeria's oil export industry through violent attack as well as direct theft. On releasing the four kidnapped oil workers on

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<sup>79</sup> This was reduced after roughly three weeks to 106,000 bpd with the resumption of production at the EA shallow water field. (This Day, "N/Assembly Probes Shell over Cash-call Funds ", 2 February 2006)

<sup>80</sup> The Punch, "Shell evacuates 326 staff ", 17 January 2006

<sup>81</sup> This Day, "Warri Refinery Shut for Three Weeks ", 6 February 2006

<sup>82</sup> This Day, "Shell Closes Operation in Western Division "20 February 2006

<sup>83</sup> Tell, "Anarchy in the oil fields", 30 January 2006, p. 30

<sup>84</sup> This Day, "Shell Closes Operation in Western Division ", 20 February 2006

30<sup>th</sup> January 2006, MEND promised future attacks saying, "We will shortly carry out greatly significant attacks aimed at ensuring our February target of a 30 percent reduction in Nigeria's export capacity."<sup>85</sup> Following the February 2006 kidnappings the group reportedly claimed, "This is not the promised strike. That will take place on a grander scale."<sup>86</sup> One move that has been made to placate the militants was the removal of Brig. General Elias Zamani from the position of Commander of the Niger Delta's Joint Military Task Force on 7<sup>th</sup> March 2006. His deputy Brig.-Gen. Mike Okedokun was also re-deployed. This was described by the Minister of State for Defence, Dr. Rowland Oritsejafor, as a "routine military exercise," but Zamani's removal was on a list of demands made by the February 2006 kidnappers.<sup>87</sup>

There is evidence that Nigerian security forces have been complicit in illegal oil bunkering. In September 2005 the Flag Officer Commanding, Western Naval Command, Commodore John Kpokpogri's made a speech to those on board the NNS Delta instructing them to avoid getting involved in bunkering, highlighting the ongoing problem in that area.<sup>88</sup> Six policemen, including a Deputy Superintendent of Police, were arrested on 27<sup>th</sup> September 2005 at the NNPC's Ejigbo depot in Lagos, on suspicion of illegal bunkering. On 12<sup>th</sup> October 2005 it was reported that six more, including five assistant supervisors, were taken in to custody for alleged pipeline vandalism in Benue State. The Inspector-General of Police, Mr. Sunday Ehindero, said "Any policeman arrested will be treated as a common criminal and will be prosecuted at Abuja because [pipeline vandalism is] a federal crime."<sup>89</sup> As well as this active role in illegal bunkering, the security services can also be seen to frustrate the efforts of those seeking to investigate such crimes. In a paper on the issue of organized crime in Nigeria he presented to the UNODC in April 2004, Etannibi E.O. Alemika pointed out the lack of help he received from the country's law enforcement agencies when investigating "sources, patterns, trends and organization of criminal activities in the country", and their failure on the whole to produce reliable statistics.<sup>90</sup> In January 2006 Acting Operations Controller of DPR<sup>91</sup>, Warri, Mr. Silek Oshare argued that security service personnel were guilty of complicity with oil thieves, giving particular mention to Delta state, because they refuse to arrest people selling petroleum products illegally at the side of roads.<sup>92</sup>

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<sup>85</sup> The Punch, "Leave now, militants warn foreign oil workers ", 31 January 2006

<sup>86</sup> CNN, "Nine abducted in Niger delta", 18 February 2006

<sup>87</sup> The Punch, "FG removes Zamani over Niger Delta crisis", 8 March 2006

<sup>88</sup> This Day, "Oil Companies Indicted in Illegal Bunkering", 10 September, 2005

<sup>89</sup> Daily Independent, "Six police officers arrested for pipeline vandalisation", 12 October 2005

<sup>90</sup> Etannibi E.O. Alemika, "Organized Crime: Nigeria", April 2004

<sup>91</sup> Department of Petroleum Resources

<sup>92</sup> This Day, "DPR Accuses Security Agencies of Pipelines Vandalisation", 5 January 2006

In 2005 the government almost doubled the cost of fuel, ending subsidies. The government hopes that this will help cut the amount of oil being smuggled out of the country by Nigerians to be sold at a profit in neighboring countries. This resulted in a huge and sudden rise in the cost of many essentials of daily living, such as bread and public transport, pushing many people further into poverty. In response, the NNPC said that it cannot continue to subsidize fuel prices to the tune of (N)600 million naira per day. Engineer Funso Kupolokun, Group Managing Director NNPC, said that under such circumstances “NNPC is dying”.<sup>93</sup> The higher price of petroleum products has inadvertently made oil product theft much more attractive. In mid 2003 fuel at the pump stood at N34 per litre. Mid 2004 saw it rise to N44 per litre. The NNPC expected the price to stabilize in 2005 at N75 per litre, three times the price of 2003, when 200-250,000 barrels of oil was being stolen each day.

An attempt is being made to further the cause of transparency within the oil industry itself. Nigeria's involvement in the Extractive Industries Transparency Initiative (EITI) is a step in the right direction, aiming as part of a global initiative to follow due process and ensure transparent payments by extractive industry companies to governments and the bodies linked to them. President Obasanjo said, "We are always looking for ways to do things better and we were the first to go into the EITI to show the world that we have nothing to hide. In fact, we are ready to lead the world on this."<sup>94</sup> Civil society groups such as Global Witness have commended the EITI but claim that an International Financial Reporting Standard is also needed. In Global Witness's "Making It All Add Up" report they have also strongly criticised the EITI for allowing ambiguity regarding what it actually means to implement the scheme's principles in practise. They argue that, "At present there is no way for EITI stakeholders to tell who is truly implementing the EITI in letter and spirit, and who is merely going through the motions."<sup>95</sup> Perhaps the most interesting development in this area is the commissioning of the UK based Hart Group, with the help of Chris Morgan Associates and TRACS International amongst others, to undertake a transparency audit of Nigeria's energy sector. A Financial Audit, a Process Audit and a Physical Audit are all taking place with the Physical Audit including an investigation into illegal bunkering.<sup>96</sup> Mrs. Obiageli Ezekwesili, Minister for Solid Minerals Development, announced that the audit's results would be made public by the first quarter of 2006. Interim reports began to be published in January and February 2006, with the full and final audit report to be published on 31<sup>st</sup> March 2006.

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<sup>93</sup> Funso Kupolokun, Business Day, 26 August 2005

<sup>94</sup> Nigeria First, "Why Nigeria Embraces EITI, By President Obasanjo", 10 November 2005

<sup>95</sup> Global Witness, "Making It All add Up", February 2005

<sup>96</sup> NEITI Press Release, 15 March 2005

The audit should be particularly helpful in its attempt to uncover a very particular way that oil theft is currently being carried out. Once the oil companies reach their OPEC quota limit the remaining crude is put in the hands of National Petroleum Investment Management Services (NAPIMS). Influential Nigerians and foreigners are then granted permission, usually by the President, to sell this oil on behalf of the NNPC. They are usually granted a \$8 or \$9 discount from the market price and although this is legal, it is far from transparent. The real problems arise when these individuals source lines of credit to facilitate the selling of the crude. Due to the difficulty these individuals have in opening accounts to sell crude oil on behalf of a country in this way, banks in Morocco, Taiwan and Spain are used. The NNPC usually gives these individuals a 90-day line of credit before it expects the proceeds of the oil sales to appear in its account but this is often delayed or never done. The audit will therefore seek to reconcile the books of the NNPC with those of the banks used to facilitate these sales.<sup>97</sup>

### **Impact of Oil Theft**

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Oil theft in the Niger Delta fuels violence and insecurity, feeds corruption, buys weapons, corrupts youth, escalates youth unemployment, causes environmental pollution, and destabilizes communal life. Systematic reviews of local press and visits to Niger Delta communities show that violence associated with theft of oil in the Niger Delta accounts for at least 1,000 deaths per year. This figure does not take account of associated but generally unreported cases of assault, rape, etc or accidental death resulting from the process of tapping pipelines.

Illegal oil bunkering is probably the most significant accelerator of conflict in the Niger Delta. Aside from its consequences as mentioned above, the sheer amount of money and criminal networks involved means that conflicts in the region are likely to become increasingly criminalised (and therefore entrenched) and well-funded.

Nor are Illegal oil bunkerers concerned about oil spills or environmental protection. Oil companies consistently plead that a significant proportion of the oil pollution for which they are held responsible is a consequence of the activities of oil thieves. This was the reason given by SPDC's External Affairs Manager, West, Mr. Harriman Oyofe in October 2005, when he stated that the company would no longer consider giving compensation to communities suffering from

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<sup>97</sup> The Guardian, "NNPC Probe Runs Into A Hitch", 24 October 2005

oil pollution as a direct result of sabotage.<sup>98</sup> The Executive Director of ERA/FoEN<sup>99</sup>, Nnimmo Bassey, commenting on December 2005's unrest in the Niger Delta, stated, "The current wave of pipeline explosions across the Niger Delta is unacceptable. The trend must be halted to protect innocent lives and conserve what is left of our assaulted and degraded environment... Those pipeline bursts have further worsened the already precarious condition of the Niger Delta as they spill crude which pollute the environment, cause fires which burn vegetations thereby causing irredeemable distortions to the ecosystem."<sup>100</sup>

Illegal fuel siphoning as a result of a thriving black market for fuel products has increased the number of oil pipeline explosions in recent years. The NNPC reported 800 cases of pipeline vandalism from January through October 2000. Between June and November 2005 they put the figure at 123 cases.<sup>101</sup> When these acts of vandalism result in pipeline explosions the effects can be devastating. The most serious disaster was the October 1998 Jesse fire in which over 1,000 people died. In July 2000, a pipeline explosion outside the city of Warri caused 250 deaths. An explosion in Lagos in December 2000 killed at least 60. In October 2005 SPDC warned of the possibility of another fire on the scale of the Jesse disaster following the hot tapping of a condensate service pipeline in the Warri area, dangerously close to Shell's Utorogu Gas Plant and Utorogu flowstation. Photographs of the broken pipelines, polluted surroundings and the "scooping" women and children who were unwittingly at risk were shown by Shell whose staff stated that they should not be held responsible for any possible disaster.<sup>102</sup> In unrelated incidents a matter of days later, sixty people, who have been labeled "illegal bunkerers", were burned alive when a pipeline fire broke out in Uvwie council area in Delta State<sup>103</sup> and on 23<sup>rd</sup> October 2005 the Warri refinery was threatened with temporary closure due to acts of vandalism which had seen a nearby pipe burst into flames.<sup>104</sup> In January 2006 a sub-committee on "public enlightenment" was set up by the Delta State Committee on Petroleum Products Pipelines Security to educate people about the dangers involved in pipeline vandalism both to those involved and to the environment.<sup>105</sup>

Illegal oil bunkering is a multifaceted issue that can only be curbed if it is dealt with in concert with corruption, illegal small arms and money laundering. The context of poverty and inequality, perceived and actual discrimination, lacking capacity to legitimately benefit from the oil industry,

<sup>98</sup> Daily Champion, "No Compensation for Pipeline Sabotage, Says Shell", 25 October 2005

<sup>99</sup> Environmental Rights Action, Friends of the Earth, Nigeria

<sup>100</sup> This Day, "ERA Decries Environmental Impact of Pipeline Explosions", 26 December 2005

<sup>101</sup> This Day, "NNPC Records 123 Cases of Vandalisation in Six Months", 8 January 2006

<sup>102</sup> This Day, "Shell Raises Alarm over Looming Pipeline Fire", 17 October 2005

<sup>103</sup> Daily Champion, "60 Burnt Alive in Pipeline Fire", 22 October 2005

<sup>104</sup> Daily Independent, "Crude oil trunk line gutted by fire", 25 October 2005

<sup>105</sup> This Day, "NNPC Records 123 Cases of Vandalisation in Six Months", 8 January 2006

and crime and criminal cartels makes illegal oil bunkering both appealing and relatively easy through the criminal infrastructure that exists.

For those engaged in illegal oil bunkering, an enabling environment is provided by: (a) the high number of unemployed youths and armed ethnic militias who know the riverine areas well; (b) ineffective and corrupt law enforcement and low conviction rates for those caught by the judiciary; (c) likely protection or patronage from senior government officials and politicians who often use it as a funding source for political campaigns; (d) ease of threatening or corrupting oil industry staff to assist in bunkering; (e) international networks including West African (São Tomé, Liberia, Senegal, Ivory Coast, The Gambia), Moroccan, Venezuelan, Lebanese, French, and Dutch linkages that facilitate market access and financial transactions; and (e) an overall context of endemic corruption ('settling' local communities where the oil is tapped, and 'passage' communities as well as navy officials on the route to off-shore tankers).

Illegal oil bunkering is closely linked to the illegal supply of small arms and supply of drugs. Law enforcement officials and community leaders report that in addition to cash, drugs (cocaine) and weapons are exchanged for stolen oil. As has already been mentioned, in order to control illegal bunkering locations, sympathetic community leaders will be actively supported by bunkering groups with cash and thugs – and oppose or kill individuals who resist their activities. Furthermore, the process of social disintegration is fuelled by youths involved in bunkering, whom empowered by cash and weapons, challenge community leadership. Conflict between bunkering groups fighting over 'bunkering turf' often feeds into inter-community violence, with resulting high levels of conflicts.

Most illegal bunkering operations are conducted with considerable knowledge of pipeline operations and so the involvement of former or current oil company staff is a real possibility. The impact of illegal bunkering on oil companies is not as severe (economically) as unnecessary payments to communities, contracts and other fees/salaries or through corruption. However, if the situation remains unchecked oil companies may experience increasing effects of bunkering through increased regional violence, insecurity and ethnic strife.

## **Flow-on Effects**

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### **Sea Piracy**

In July 2003 four people, including three Mobile policemen were killed by suspected sea pirates in the Forcados River, Bayelsa State while escorting workers' salaries meant for Ekeremor Council from Yenagoa. In August 2003 sea pirates acting on a tip-off, ambushed twelve Mobile

policemen traveling in 5 speedboats through the Niger Delta.<sup>106</sup> Two of the bandits were reported shot dead and two more were “roasted alive in a reprisal attack when news filtered into Ekeremor that the driver of the ill-fated boat lost his life”.

Later that same month sea pirates killed at least 20 people and kidnapped several oil workers. The Ijaw ethnic nationality in Delta State led by Chief E. K. Clark set up a task force to curtail the menace of sea piracy and kidnapping in the riverine areas of the state. The task force was “mandated to set up vigilance groups in all communities to arrest the rising tide of sea piracy and kidnapping to eliminate piracy and kidnapping in the riverine areas of Patani, Burutu and Warri/Escravos waterways”.<sup>107</sup>

In 2004 Nigerian waters were declared to be of high-risk by the International Maritime Organization’s (IMO) maritime security regulator, the International Maritime Bureau (IMB). Between 2 May 2005 and 15 July 2005, the IMB reported nine attacks on vessels and between December 2004 and July 2005 14 trawlers were struck. The majority of these attacks were against merchant vessels at anchorages and fishing boats primarily in the vicinity of Bonny, Warri and Lagos.<sup>108</sup> In September 2005 Governor Donald Duke of Cross River State said losses of crude oil to sea piracy were at between 200 and 500 thousand barrels every day, which is equivalent to between 8 and 20 percent of Nigeria’s daily production. Governor Duke saw the issue in part as a consequence of equipment deficiencies in the Eastern Naval Command. In response FOC Commodore Musa Ajadi, said his command lacked adequate funding and transportation and that the barracks were in a deplorable state.<sup>109</sup>

Notwithstanding the comments by Governor Duke, sea piracy has a history of flaring intermittently but has not shown any steady growth or sustained elevated presence. It is difficult to arrive at a clear conclusion as to the degree to which Governor Duke’s comments are connected with his mooted Vice Presidential ambitions, which would assume activities that would raise his public profile on issues of security, which are at the forefront of concern for people in the Niger Delta.

## **Weapons**

"The type of weapons available in this region is the result of criminal activities, and they are provided to protect these illegal activities,"<sup>110</sup> said Delta State Governor James Ibori. "Those

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<sup>106</sup> Vanguard, “Pirates kill three Mobile Policemen in Bayelsa”, 21 August, 2003

<sup>107</sup> Chief Clark, 1 August, 2003

<sup>108</sup> Gulf of Guinea Energy Security Working Group, Unpublished, 2005

<sup>109</sup> Vanguard, 14 September, 2005.

<sup>110</sup> Vanguard, “Oil smugglers accused of fueling Warri crisis”, 21 August, 2003

profiting from this conflict are those involved in illegal business," he said. Officials say that with the security services struggling to quell ethnic violence, there is no-one to curb the smuggling.

The number of weapons is rapidly growing and the type of weapons is much more sophisticated. The offshore illegal bunkerers are the main source of such weapons, although there has been a recent rise in the number of illegal small arms imported as an adjunct to large arms sales into other West African countries.

The oil industry itself is also creating part of the problem. With companies increasingly finding the state's security provision inadequate, they have employed the services of armed groups. These groups use oil company funds to purchase weapons, which over time enables them to expand their activities outside of their own communities and even their own states.

### **Ethnic Violence**

Oil thieves run armed gangs in the Niger Delta, fuelling wide-spread instability, which mediators say makes a farce of efforts to solve the political and cultural differences between the Ijaw and the Itsekiri. The gangs are often constituted along ethnic lines which means that the weapons acquired for the purposes of conducting illegal bunkering operations or offering protection for illegal bunkering operations by way of security contracts can be applied to conflicts between ethnic groups. An escalation in the number or caliber of weapons in the hands of one ethnic group often causes concern among rival militia of another ethnicity resulting in efforts to match the level of arms.

### **Social Disintegration**

The ability of communities to "bounce back" from severe conflict is diminishing. The social fabric of life in many communities in the Niger Delta is stretched and worn thin. Many villages cite the repeated rape and assault of women by military stationed in the area or deployed in response to militia activity. Heavy civilian casualties attendant to military action against militia in the Niger Delta has produced a siege mentality among villages in some areas.

Community leaders are now making approaches directly to state government either in an effort to distance themselves from militia operating in their region and thus avoid being targeted in future military operations or appealing for militia to be captured and therein relieve the community of the threat of violence.

## Strategies to Combat Oil Theft

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### Public Exposure of Illegal Cargoes and Practices

After being informed of the illegal supply network, on 6 August, 2003 the Government of the Ivory Coast stopped further receipt of products from three tankers arriving from Nigeria. It appears that public exposure of the presence of three tankers loaded with illegal oil from Nigeria at the Ivory Coast sea port and attempts to sell the product to the country's refinery, led officials of both countries to begin a series of discussions on how to deal with the situation.

### Legal Contracts for Supply

Following the discovery by the Federal Government that Ivory Coast was a destination for stolen crude from Nigeria, the government decided to supply the government of Ivory Coast with 30,000 barrels of crude oil per day for refining at the Ivorian state-owned refinery and further agreed to purchase the refined product. The supply, based on the prevailing market price, is to be renewed annually.

At the signing ceremony in Abuja, the Group Managing Director, NNPC at that time, Mr. Jackson Gausi-Obaseki, said that with the deal, both countries had not only demonstrated their determination to put an end to the illegal petroleum transaction by fraudsters, but had shown that co-operation within Africa "is no longer a lip-service."

### Transparency

#### •Trade Relationships

Mr. Jackson Gausi-Obaseki said the signing of the supply contract with Ivory Coast would ensure crude oil is transported direct to the refinery plant in Abidjan. He noted that the arrangement makes for a more formal and transparent trade.

#### •Security services

Nigerian law prescribes life imprisonment for the illegal bunkering of crude oil<sup>111</sup> but despite announcements of arrests and seizures reported in the media, information regarding prosecutions and sentences is very difficult to find. Issues of transparency are also raised by the examples of the Capbreton, MT African Pride, MT Mahdi, MT Tina and MT Glory. What reasons are given for the length of time vessels are held in custody and what happens to the oil they contain or the proceeds from selling this oil? Have police officers suspected of involvement in pipeline vandalism been convicted and what punishment has been meted out? This

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<sup>111</sup> The penalty for pipeline vandalism under the Petroleum Production and Distribution (Anti-Sabotage) Act is death. There are currently moves to amend this act to reduce the maximum sentence to 21 years imprisonment. This proposed amendment is supported by amongst others, the Pipelines and Products Marketing Company (PPMC) and SPDC.

information must find its way into the public domain if the Navy and the Police are ever to be able to move forward.

#### •Oil companies

When Mrs. Oby Ezekwesili, acting as a Presidential Aide, announced the setting up of the Hart Group audit she argued that Nigerians generally knew little about the oil industry, "in terms of the way it operates, how revenues are generated, what revenues are generated and how these revenues are accounted for."<sup>112</sup>

Greater levels of transparency within the oil industry will help ascertain more exact figures for how much oil is stolen each day as well as help us understand if industry activities lend themselves to illegal bunkering and also what their role might be in putting an end to the theft.

#### Fingerprinting

Fingerprinting of crude oil refers to a process where through analytical chemistry techniques, the characteristics and composition of a particular crude oil grade will be unambiguously identified.<sup>113</sup> There is currently no standard system of analysis which means that, although internally consistent, it is most likely that each company would come up with a different fingerprint for the same sample. Agreement on the version of analysis to be used would put an end to this problem or, alternatively, if companies were keen to protect their analytical technology there could be an exchange of samples to create a national database. One potentially major issue is with the blending of oils and how that affects the process of identification. It is not currently known if fingerprinting technology can overcome this difficulty.<sup>114</sup>

Shell Petroleum Development Company (SPDC) has suggested the certification of Nigeria's crude oil going into the international market, to track down the thieves and end the huge economic losses brought by activities of illegal bunkerers. Former Managing Director of SPDC, Mr. Ron van den Berg, told media in August, 2003 that certification of Nigeria's crude oil through what he called "finger printing", would enable the Federal Government to block the market for stolen crude, thereby serving as a disincentive to the syndicates. The concept is similar to the "conflict diamonds" initiative that has shown some success. Whilst Shell in Nigeria was enthusiastic about the concept, Shell and Chevron representatives in London were cold to the idea and talks with NGOs broke down.

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<sup>112</sup> The Guardian, "NNPC Probe Runs Into A Hitch", 24 October 2005

<sup>113</sup> Legaloil.com, "Fingerprinting Oil", Information Paper No. 2, December 2003

<sup>114</sup> Legaloil.com, "Fingerprinting Oil", Information Paper No. 2, December 2003

The Nigerian government has shown a desire to further the use of fingerprinting in the fight against oil bunkerers. Speaking to the Conference of Security in the Gulf of Guinea in July 2005, the Vice President, Atiku Abubakar sought international help saying, "Crude oil fingerprinting technology is well advanced; we must be assisted to employ such technology, among other means, to track stolen oil".<sup>115</sup>

An alternative method of tracking oil is offered by technology that allows an invisible synthetic DNA solution to be added to crude oil. This system can detect the individual sources and exact proportions of different crudes should a number of oils be mixed. This approach is more usually adopted to mark finished fuels because it is more economical to do so. Marking even a light crude would cost eight cents per barrel. Dealing with the 2.5 million barrels per day production of Nigeria, the marking process alone would cost at the very least \$200,000 a day.<sup>116</sup>

### **Satellite Technology**

The most novel approach to tackling oil theft has perhaps been offered by the National Space Research and Development Agency (NASRDA). The agency's Project Manager for the Nigerian Communication Satellite (NIGCOMSAT-1), Mr. Rufai Ahmed has claimed that this satellite technology could provide geo-referencing information, which would allow the exact location of pipeline vandals to be pinpointed. Remote sensor devices would be placed on pipelines at certain locations and these would communicate with the satellite to inform security services of any pipeline vandalism. Further surveillance information could be provided by the deployment of an Unmanned Aerial Vehicle (UAV), which could take high-resolution photographic images from 31 kilometres above the surface of the earth. NASRDA have put the price of their proposed satellite surveillance system at N600 million.<sup>117</sup>

### **State Governments Initiatives**

In June 2004 the Governor of Bayelsa State Government convened a meeting of political and other leaders of Ijaw origin. At the meeting held in Yenagoa, the Bayelsa state capital, delegates came from Rivers, Delta and Bayelsa states including the Governor of Delta State, Chief James Ibori. The delegates resolved that, in view of the failure of the federal government to effectively tackle the problem of lawlessness in the delta and the constitutional obstacles to the establishment of state police force, they would use grassroots resources to tackle the problem of piracy and illegal oil bunkering. It was agreed that the governments of Delta and Bayelsa State would support communities in tackling criminal activities in the two states. This

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<sup>115</sup> Atiku Abubakar, "Address to Conference of Security in the Gulf of Guinea", 20 July 2005

<sup>116</sup> Figures provided by TraceTag International, November 2005

<sup>117</sup> The Guardian, "Nigeria loses N426m crude oil daily, says agency", 23 January 2006

project has had some success in curbing piracy but because communities do not share in the federal government's concern regarding bunkering they have not been successful in making any significant dent in the level of illegal bunkering.

The Bayelsa State government also established the Bayelsa Volunteers, a civil law enforcement organization under the leadership of an Assistant Superintendent of Police (ASP). The Bayelsa Volunteers, on whom the state Government spends more than N30 million per month (\$230,000) on salaries and logistics, has made a significant impact towards reducing piracy and other violent crimes in the state. The governments of Bayelsa, Rivers and Delta have also been providing material and other support to the Joint Task Force formed to combat violence and oil theft, with some success.

Other examples of successful vigilante action could be seen in September 2005 when police were aided in the arrest of five suspected pipeline vandals in Ishielu<sup>118</sup> and again in October 2005 when a vigilante group in Benue State arrested six police officers also suspected of pipeline vandalism.<sup>119</sup> Despite the apparent success of the Bayelsa Volunteers initiative however, their creation is far from an ideal situation. In the Brass Local Government area the coordinator of the Bayelsa Volunteers is Osei Clever, the leader of the Teme Iseinaswawo group. In February 2005 seven of his men were implicated in the shooting of twelve members of the Obioku community, a group which included four Nembe Local Government counsellors and a pregnant woman. The boat allegedly used in the attack was marked Bayelsa State Anti-Piracy. The lawyer representing the families of the victims stated that apart from Clever and his men the Bayelsa Volunteers were unarmed.<sup>120</sup> While respecting the traditional concept of unarmed vigilante groups in Nigeria the idea of financing such groups, perhaps at the expense of regular policing services, must undergo investigation, particularly when their current structure allows men like Clever to attain leadership.

Recently in Rivers State, following combined security operations funded by the state government, security sources claimed that there is no more major illegal oil bunkering operations going on in that region. This is inconsistent with the levels of oil theft reported by oil producers operating in Rivers State but the decrease in the levels of oil theft are undeniable. The question is whether the decreases can be sustained.

### **Community Participation**

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<sup>118</sup> This Day, "Police Nabs 6 Oil Bunkerers", 17 September 2005

<sup>119</sup> Daily Independent, "Six police officers arrested for pipeline vandalisation", 12 October 2005

<sup>120</sup> The Punch, "Killing for Oil and Politics", 21 March 2005

The success recorded by communities in the fight against piracy in Bayelsa and Delta states is an indication that the communities are a key part in any security operations. Some communities are prepared to take the risk because of the direct benefits that they see will accrue for them including a more secure environment to carry out social and economic activities. The same is not true of all communities. On the contrary, illegal oil bunkering is sometimes justified as a back door to resource control. As such, community leaders are not reluctant to justify passive participation, or in some cases, active participation through provision of security for the oil thieves.

Success on the basis of community participation in the fight against illegal oil bunkering must therefore be tied to community participation in the management of the oil production activities and the direct benefit to the communities. The recent decision by the National Political Reform Conference seeking to bring states and localities into the management process will, if implemented, go a long way to checking illegal oil bunkering.

### **Sustainable development**

Sustainable development is needed in communities if the disenfranchisement of youths is going to be stemmed and if communities are going to view the successful, efficient running of the oil industry as being in their interest. The oil companies are keen to stress their inability to successfully carry out this process unaided. SPDC stated in December 2005 for example, "Shell alone cannot fully address the development needs of the people in the Niger Delta. It requires the committed efforts of government, both the federal, state and local, oil companies and of course, the communities themselves for that transformation to occur."<sup>121</sup>

### **Anti-corruption measures**

Illegal oil bunkering in Nigeria is facilitated by powerful political figures. Malam Nuhu Ribadu, Chairman of the EFCC stated in 2003, "you have government institutions responsible for taking charge of the whole thing [crude oil theft]: the sale of the product, the security of the area."<sup>122</sup> Seeking out and punishing the political patrons of oil theft is crucial to bringing the practice to an end and the EFCC must be supported in its actions to do so.

### **Conclusion**

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<sup>121</sup> This Day, "Don't Leave Niger Delta Devt to Oil Firms – SPDC", 21 December 2005

<sup>122</sup> Human Rights Watch, "The Warri Crisis: Fueling Violence", December 2003

Oil theft is an accelerator (linked to weapons, militia activity, money laundering, criminal organisational, mercenaries) of conflict in the Niger Delta that needs to be tackled urgently.

The Obasanjo Administration reform agenda is receiving increasing international acclaim across several sectors. The Administration is in its second term and less encumbered by the need to please political factions and patrons. Therein the Administration has more freedom to deal effectively with the problem of illegal oil bunkering. Already the Obasanjo Administration has recorded several successes, but the fight against illegal oil bunkering will need to be innovative and sustained, and must carry along the local people, without whose support in this matter illegal bunkering of oil and its attendant ills will not be overcome.

An assault on illegal oil bunkering will need the serious and coordinated leadership of the Federal Government with the active participation of the state governments, the oil industry and the communities if a sustained reduction in the level of oil theft is to be achieved. Coordination will require all stakeholders to agree the best strategies and tactics for achieving zero oil theft and the conditions under which the strategies can attain a successful outcome.

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