

## Document Placeholder

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We wish to submit the following in relation to the proposed decision: **Pollution Prevention and Control (IPPC) Licence application by Shell** Date Recd: 26/4/07  
**their facility at Ballinaboy Bridge Gas Terminal, Ballinaboy Bridge, Denagheny South, County Mayo. Reg. No. PO738-01**

## COLD VENTING

The flaring of natural gas as specified in Shell E&P Ireland's Environmental Impact Statement (EIS) at the two An Bord Pleanála oral hearings in Ballina was an integral component of the gas refinery at Ballinaboy.

"The 'addendum' to the EIS issued by the applicant is actually an amendment of the original EIS as presented to Mayo County Council, to An Bord Pleanála and to the EPA. As such it changes the original EIS in a fundamental way because it wasn't in the EIS that came before An Bord Pleanála". (ref. Objection 6)

Do you not acknowledge that you are undermining one of the basic functions of An Bord Pleanála by adopting this attitude to the planning procedures? We would like to quote An Bord Pleanála's mission statement here in defence of our position - "To play our part as an independent body in ensuring that physical development and major infrastructure projects in Ireland respect the principles of sustainable development and are planned in an efficient, fair and open manner".  
(<http://www.pleanala.ie/conduct.html>)

Is it not very specific in the EPA's Inspector's Report on a licence application that Shell E&P Ireland is exchanging one critical component of operating a refinery with another? "The applicant stated that venting rather than flaring was selected arising from a commitment to the local community to minimise local intrusion and disturbance . . . (p. 5)

In the Mayo News dated 20/12/2006 Áine Ryan reports: "The Council has informed Cllr. Quinn that cold-venting will increase the annual discharge of emissions to the air by 95,000 kg to 387,000 kg in comparison to the original EIS submitted by Shell E&P Ireland which did not involve cold venting".

The EPA has stated in the Inspector's Report "This will be the first onshore gas refinery in Ireland". (p.2). Therefore you must admit that a precedent has been set that if the applicant wants to bypass An Bord Pleanála and the scrutiny of an oral hearing it can easily switch one integral component of the project, in this case gas flaring for cold venting, when applying for an IPPC licence.

Is such an attitude in keeping with the mission statement of the EPA "To protect and improve the natural environment for present and future generations taking into account the environmental, social and economic principles of sustainable development"? (ref. <http://www.epa.ie>)

Are you justifying your position that BAT NEEC is complied with in your accepting of Shell E&P Ireland's addendum i.e. flaring substituted by cold venting?

"However, we have circa 200 signatures from people living within a 5-mile radius of the proposed refinery refuting this claim by the applicant". (ref. Objection No. 6)

Do you accept this fact refuting Shell E&P Ireland's argument for its preferred option?

Do you not agree that if you reject the evidence contradicting Shell E&P Ireland's position re. the cold venting in Objection No. 6 you are negligent in upholding your own goals of integrity, independence and professionalism as outlined in your mission statement - "We make decisions based on objective and independent evaluations committed to openness, fairness and transparency . . ."

Isn't it true to say that not only are you licensing Shell E&P Ireland to "increase the annual discharge of emissions to the air by 95,000 kg to 387,000 kg . . ." (ref. Mayo News 20/12/2006) but you are justifying the issuing of the IPPC licence because "it will continue to rise and not ground locally". (ref. EPA Inspector's Report p.5)

This is contradicted by Accufacts Inc. whose report on The Proposed Corrib Onshore System, An Independent Analysis is included in the Fiosrú (CPI) Publication November 2005 which states:-

"Failure to properly restrict the option of cold venting should be regarded as a serious deficiency and prevented in any modern processing plant design and approval. Several responsible governments and world agencies have incorporated practices to discourage cold venting in their energy field development".

"Cold venting can be dangerous not only for plant personnel but also the neighbouring population. Depending on materials in the gas stream, especially if a plant is located in a site in proximity to people, dispersion can send heavier than air gas components to ground level with tragic results".

"... given the capability of venting to generate heavier than air vapours that can produce catastrophic events in the area should the release get away from the operator". (ref. Richard B. Kuprewicz, Accufacts Inc. The Proposed Corrib Onshore System, p.34)

What studies did the EPA carry out on the incidence of temperature inversion in the Ballinaboy area?

For the Board's information all of us local people are familiar with the heavy banks of cloud and fog capturing the smoke from the houses in the area.

In periods of settled weather, expected to be ever more common in the age of global warming, inversions will trap more and more of the released cold gas with its cargo of nasties.

What has the research of the EPA done to alleviate this potentially disastrous smothering effect especially on local children?

This area including Carrowmore Lake is a saucer with a (meirlín) marble in the middle, on which the refinery is proposed to be built (see attached maps).

### Summary:

We recommend that the Board of the EPA refuse to grant a licence to Shell E&P Ireland not only for cold venting but for the proposed refinery for the following reasons:-

- 1 Omitting cold venting in the original EIS
- 2 Including it for the first time in applying for an IPPC licence

- 3 This is a direct breach of the Environmental Impact Assessment (EIA) Directive (97/11/EC EIA). Shell E&P Ireland does not have planning permission to cold vent and subsequently the EPA is not in a position to issue a waste licence for this operation.
- 4 Insufficient scientific information on temperature inversion in the Ballinaboy area. Ireland is fourth highest in the European table of asthma sufferers.
- 5 In any modern plant being built now cold venting is unnecessary and not allowed. Granting an IPPC licence is not BAT NEEC.

"The licence application has been assessed and it has been determined that the operation of the activities in accordance with the conditions of the licence will not cause significant environmental pollution which includes human health". (ref. Inspector's Report on a licence application, p. 24 No.33)

Explain how you can stand over your reasons as stated above for already recommending that the EPA grant a licence. This procedure flies in the face of your 'Openness to Learning'.

To quote from your Vision Statement "In all our activities we are open to new insights and greater understanding of ways to improve our organisation and ourselves. We do this by keeping abreast of new developments and incorporating them into our work practices".

#### **OUTFALL PIPE: TREATED PRODUCTION WATER**

The Erris Inshore Fishermen's Association is highly critical of the contaminants both chemical and metallic being discharged into their fishing waters at a location where they will not disperse to open sea but will remain in Broadhaven Bay and its surrounding waters to accumulate and do untold damage. We read Prof. Peter Mathiessen's submission (an independent environmental consultant) with Objection 4. It states "It will be apparent from Table 3 that EQS values vary considerably between jurisdictions. This is because there is no international consensus on how such values should be calculated, and some jurisdictions apply much larger (therefore more precautionary) assessment factors than others. In the opinion of the author, the Ospar ecotoxicological assessment criteria are more like over-precautionary while those published by England and Wales Environment Agency (EA) and the US Environmental Protection Agency (USEPA) are more likely to be in the right range. The Irish EPA values cited in the EIS tend, with exceptions, to be less precautionary than those of EA and USEPA, so it cannot be assumed that compliance with them indicates acceptable environmental risk". (ref. Objection No. 4 p. 11)

By looking at the predicted maximum contaminant concentrations in the Ballinaboy discharge we cannot assume "that compliance with them indicates acceptable environmental risk". (ref. Objection No. 4).

If we compare the Irish EQS contaminant concentration in the Ballinaboy discharge with the Ospar EQS we will realise their genuine concerns as presented in Objection No. 5. We will look at five namely arsenic, copper, cadmium, mercury and lead.

Arsenic	Irish EQS	50 times higher than Ospar
Copper	Irish EQS	10,000 times higher than Ospar
Cadmium	Irish EQS	50 times higher than Ospar
Mercury	Irish EQS	20 times higher than Ospar
Lead	Irish EQS	10 times higher than Ospar

Prof. Mathiessen states on page 15 of his report in Objection 4 that "both zinc and PAHS show acute and chronic toxicity to aquatic life, and are able to bioaccumulate in some organisms".

Zinc	Irish EQS	200 times higher than Ospar
PAHS	Irish EQS	200 times higher than Ospar

"Bearing in mind previous experience with and modelling of produced water discharges, it is reasonable to expect that under well-mixed conditions in the open sea they will be massively diluted". (ref. Objection 4 p.11)

Further on he states that after dilution in the open water that the produced water will be much lower than the Ospar standard. He predicts an example of chromium of 1.2%. Does this mean 1.2% a day, a week, a month or a year? What exactly? As heavy metals accumulate what are the implications of this discharge for fish and for the humans who feed on them?

Is the EPA happy with this slow poisoning of the marine environment and the people who depend on it?

At what stage is the EPA happy with this toxicity?

How will they monitor the build up?

Will they depend on Shell E&P Ireland's supplied information?

What real resources will be allocated to this monitoring?

In the event of a higher than licence toxicity will the EPA shut down the plant?

Surely the Ospar takes into consideration the fact of dilution?

Does the EPA advise the tourist industry that the standards it applies for pollutants are hundreds of times lower than continental Europe (Ospar)

How does the EPA justify this?

Will the EPA continue to justify this in the context of Lough Corrib in Galway?

Surely chickens come home to roost?

### Summary:

We recommend that the Board of the EPA refuse to grant a licence to Shell E&P Ireland for a gas processing refinery at Ballinaboy for the following reasons:-

- 1 Broadhaven Bay will become a toxic pool and there will be an end to the fishermen's way of life.
- 2 Shell E&P Ireland's EIS is six years old. Do you accept the Irish EQS standards for toxic metals entering the environment at such concentrations when the Europeans (Ospar) are setting the standard that you should comply with in keeping with your vision statement of "openness to learning by keeping abreast of new developments and incorporating them into our work practices".
- 3 The outfall pipe is not BAT NEEC.

## **FIT AND PROPER PERSON**

### **SHELL'S OWN BUSINESS PRINCIPLES OF BEING 'GOOD NEIGHBOURS'**

Does the EPA think that their definition of 'fit and proper person' complements Shell's 'good neighbour' principle?

With regard to your assessment of 'fit and proper person' we have some doubts about your promise.

Is it true to say the applicant has no relevant conviction?

Isn't section 9 in the EPA inspector's report more advocacy than science?

Both Shell E&P Ireland (SEPIL) and Royal Dutch Shell are used to suiting particular aspects of the advocacy: SEPIL is used because it has no relevant convictions but Royal Dutch Shell is used when the EPA wishes to show that there is access to the funding and technology required. (actually Shell E&P Ireland is only responsible for 45% of the cost).

Either SEPIL or Shell are seeking to be considered a 'fit and proper person'. It is completely illogical and deceptive to use SEPIL where it suits and Royal Dutch Shell where it suits.

For example given the atrocious safety record of Royal Dutch Shell and its ignoring of its own standards and its consistent reduction in spending on safety on its worldwide activities how can the EPA justify calling them a 'fit and proper person'?

For example (notice 300319346) "failed to ensure the health and safety of your employees and others by failing to ensure the that oil export pipework so far as is reasonably practicable has been maintained in an efficient state in efficient working order and in good repair".

On what basis can you believe them?

Is it because they have money? They have it for the North Sea and they are not spending it there.

What insurance has SEPIL got although insurance is cold comfort to a people whose health is being destroyed? Who is the underwriter or is it an inhouse insurance? Do they pay insurance claims out of current income? If so it means the only money they can call on is Shell's share of the money that Corrib will generate.

This we think is advocacy. This is neither business nor science. (ref. Shell's Safety in North Sea takes a Hammering as reported in The Guardian dated 05/03/2007).

Further to the 'fit and proper person' status we would like to add the following points (ref. Shell's Safety in North Sea takes a Hammering as reported in The Guardian dated 05/03/2007):-

In spite of Shell's declaration last summer "safety is and will remain our first priority", at the same time it was being issued with 10 improvement notices by the U.K. H.S.E. Such notices are issued where the HSE believes the company is operating unlawfully with unacceptable risk according to industry experts.



Shell has got 42 of these notices from 1999 and is way and above the worst offender amongst oil companies. How can you relate this persistent record of offending with Shell's supposed priorities?

Even one of its own employees Bill Campbell, a senior safety consultant, claims the company is operating a weak safety machine and that some employees are falsifying documents.

How does Shell respond? It denies everything and declares improving our performance is an important priority.

On what basis does the EPA accept the word and the detailed information given it by this type of applicant?

Does the EPA insist on having direct access to computer monitoring equipment or does it agree with Shell that such an action would be commercially sensitive?

On what basis does the EPA accept the word of Shell? A report in the Irish Times 31/01/2007 the day before the Anglo Dutch oil company announced earnings of \$25 billion gives a conclusive indictment of Shell's neglect of community responsibility on a global scale. "Record annual profits expected to be announced by Shell tomorrow should be used to pay off more than \$20 billion (€15.5 billion) in estimated compensation for damaged caused to communities and the environment by its activities, according to the alliance of human rights and green groups"

With reference to Shell's defence of their position see ref. article in National Geographic February 2007 where the local people would dispute this.

Who is telling the truth?

Please refer to Objection No. 13 for further evidence.

### **GOOD NEIGHBOUR PRINCIPLE**

The Ballinaboy development is in conflict with Shell's own Business Principles of being 'good neighbours'.

"It is evident that the Corrib Gas Project is adversely impacting on many people whether they are for or against the chosen method of development". (ref. Objection No. 10)

We wish to present to this forum our experience with the applicant for this licence and how its business principle of wanting to be a 'good neighbour' has progressed. Do we not have the right and the responsibility as active citizens to examine these principles as we are the receiving community of a project that is having, and will have, a catastrophic effect on our lives, our children's lives and on the lives of the wider Erris community.

We hope that the EPA will give us a fair hearing and will reconsider their intention to grant Shell E & P Ireland an IPPC licence. We feel that if Shell E & P Ireland is given time to reflect on the way it is progressing this project that it will come to its senses maybe.

We don't want to present our position as a negative one with regard to this project but we feel that Shell E & P Ireland owes it to our community even at this late hour to draw back and take a deep breath

and consider why our community and Shell E & P Ireland are poles apart. It is in their remit to do the right thing by the people of Erris and Mayo. We refer to the last Red C Opinion Poll published in the Western People which showed that 55% of respondents support the offshore processing of the Corrib gas and that by a ratio of 2:1 respondents hold either the government or Shell E & P Ireland responsible for the Corrib gas conflict. These findings are the fifth consecutive opinion poll showing a clear majority in Mayo supporting the offshore processing of the Corrib Field. This demonstrates that the opposition to Shell E & P Ireland's project is the mainstream view in Mayo. Shell's insistence in developing Corrib onshore at Ballinaboy does not have the consent of most of the people of Mayo.

"This is the kernel of business ethics. There presence is necessary for the very functioning of a democratic society where the basic concept of consent is absolutely vital". (ref. Ethics and Easy Money in Holy Ireland by C. H. Walsh).

"Mistakes have been made. We regret the part we played in the jailing of the five men last summer. For the hurt that this caused the local community I am sorry. We cannot change the past but we have learned from it . . ." (ref. Mayo Echo 10/05/2006)

There was great hope in our community that Shell E & P Ireland was prepared to live up to its business principle of being good neighbours. This optimism wasn't to last long as Lorna Siggins' article in The Irish Times dated 08/05/2006 revealed:- "Mr Pyle confirmed to the Irish Times last Thursday (05/05/2006) that the company was reviewing alternative routes for the pipeline and said he was willing to talk about 'all options' in mediation. However, by Friday, in a briefing in Castlebar Mr Pyle was ruling out an offshore option and his representative played down this newspaper's report of alternative routes as 'speculative' (Irish Times 08/05/2006).

Lorna Siggins carried another report in the Irish Times (06/05/2006) where she said again "On Thursday he (Andy Pyle) had said Shell was willing to discuss all options with the North Mayo community including the offshore option. Even she quoted Mr Kuprewicz who said he was 'encouraged' that the firm was offering to talk to the community about other options. Mr Kuprewicz, whose firm Accufacts Inc. undertook a risk analysis of the pipeline for the Centre for Public Inquiry last year said his firm had tried - and failed - to produce a 'failsafe' design similar to that recommended by the governments consultants Advantica.

"You only have to hit high pressure once and you have a problem", he said.

Shell had described his report as highly speculative, but Advantica notes the common ground between the two reports in its final study published this week". (ref. Irish Times 06/05/2006)

The window of opportunity lasted for 24 hours for Shell E & P Ireland to establish good neighbour status in our community. But it was quickly shut for financial and technical considerations. 'People before profit' is an alien concept to Shell. Shell has been blind to the impact that this project will have on the receiving communities, and deaf to the consistent message from these same communities that they have not given their consent.

"Moreover I have a vision of Shell being an accepted and welcome part of the local community" (Terry Nolan, The Irish Times 21/10/2006). He is declaring to the nation Shell's business principle of being 'a good neighbour'. He continues "In countries such as Norway and the Netherlands, where I worked for eight years the oil and gas industry is so well developed that local communities welcome oil and gas projects as they know the enormous benefits these bring. So why is there such controversy?" The answer is that there is something unique about a gas plant in an area that has no previous experience of the gas industry and has limited experience of industrial development".



For our community Mr Nolan's visionary statement is confirmation of our worst nightmare. Is not this site at Ballinaboy the establishment of an oil and gas industrial complex at the heart of our community? There we can see Shell's utter disregard for the basic tenets of good neighbourliness.

We would like to finish our submission to the Board by presenting from the objections of the various groups to the issuing of a permanent IPPC licence to Shell E & P Ireland in relation to how they see their environment and the way they want it to remain.

Do you think, as the licensing authority, that Terry Nolan's vision of establishing an oil and gas industrial complex at Ballinaboy will end the controversy?

This 'area' he refers to will begin with a refinery "situated on a ridge overlooking a protected sea inlet on one hand, and a protected shallow water lake on the other. This pristine environment comprises a cluster of five protected sites". (ref. Objection 6)

"The produced water from the outfall pipe leaving the refinery will be spilling to the waters of Broadhaven Bay. The University of Cork study demonstrated conclusively that the specific waters into which the developers wish to discharge harmful elements such as Arsenic, Cadmium, Lead, Mercury, PAH and Zinc constitute an important area for marine mammals and other species. There are few, if any, comparable examples of relatively small, discrete bays in Ireland containing all five Annex II marine mammal species with such frequency. It was also clear in 2001/2002 that the area contained important foraging habitats from numerous marine mammal species, plankton feeding basking sharks and seabirds". (ref. Objection No. 11)

"After the initial euphoria of having clean natural gas land on our shores - Kinsale style - little by little we learned that it was raw natural gas that was being brought ashore - Shell style - travelling through residential areas in a high pressure pipeline to be refined in a boggy terrain with resultant pollution and problems" (ref. Objection 5)

"Avoiding possible risk is essential. Conditions that might be open to abuse not detectable until it is too late with implications for air quality, water supply, fishing in Broadhaven Bay and Carrowmore Lake would be most undesirable. Our environment is more precious in both the long and the short term than economics". (ref. Objection 10).

We wish to refer here to the Kilcommon Development Plan 2006-2010 published by Comhar Dún Chaocháin Teo in 2006. (copy attached). The material and cultural wisdom of the people of this community is outlined in this plan. This vision is the product of the natural and sustainable growth of this community, grounded in experience and knowledge in which it functions. The parish development plan illustrates how far from the community's vision is the destruction perpetrated on us by this misguided project. In the context of this community Shell E & P Ireland and its government protectors will be here for a short time only. In that time they will have destroyed the potential of the area for sustainability, for the continued survival of the community into the future. But given the nature of this invasion it will not deliver to the community the alternative resources to enable it to survive as in the past. To quote the former secretary of the Shetlands County Council Ian Clark, speaking in 1972, "Oil would stay long enough to endanger our traditional skills of fishing and knitting. Yet in terms of history it would be nothing other than a long stay visitor to the islands." The security of the tenure of the life would be wiped out.

As the colonists replaced entirely the American Indian, and as the white settlers tried to replace the Africans in the rich farmlands, so we are to be definitely displaced and God forbid annihilated. National Geographic February 2007 describes the devastating legacy left by Royal Dutch Shell and partners in the Niger Delta.

Here you have the witness of the local P.P. E.I.F.A., tourist operator, community development groups, teacher, housewife, farmers, business people, mothers and fathers of the future generation.

### Summary:

We recommend that the Board of the EPA refuse to grant a licence to Shell E&P Ireland for a gas processing refinery at Ballinaboy for the following reasons:-

- 1 Shell E&P Ireland fails completely in living up to its business principle of being a 'good neighbour'
- 2 Shell has recently caused billions of dollars worth of environmental damage in Sakhalin Russia as well as devastating damage in Russia
- 3 The flaring of gas in Nigeria and in other regions by Shell is contributing to global warming
- 4 Consistent ignoring of safety procedures endangering their workers (Notice 300319346)
- 5 When Shell is found out it is slow to accept the consequence (ref. Guardian 10/03/2007)

Signed:

Miall King

Date:

16/4/07

NB We note that as recently as April 11<sup>th</sup> 2007 Shell E & P Ireland submitted further information to the EPA in relation to cold venting. It is totally unacceptable that additional information on this crucial issue can be added at this late stage and we reject it out of hand.

Miall King, Aughooose, Mayo  
Mary Heron, Glenamoy, Mayo  
P.J. Moran, Glenamoy, Mayo  
Kevin Moran, Glenamoy, Mayo

John Diver, Mungaroon  
Patricia Kelly, Portlough  
Bridie Moran, Glenamoy  
Gary Webb, Knocknadow  
Nellie Corduff, Rosport

# Gas emission has higher particle content

AINE RYAN

SHELL'S new preferred method of releasing waste material from its gas processing terminal would lead to a higher level of particles being released into the environment than its original option, according to Mayo County Council.

However, the final decision on whether chemicals would be discharged by so called 'cold-venting' technique rests with the Environmental Protection Agency which must decide on the safest method.

A memo seen by *The Mayo News* from County Council engineer, Mr Paddy Mahon, to County Manager, Mr Des Mahon, explains the options and confirms that the EPA must make the final decision.

Using cold-venting of methane gas means it is released straight into the environment. The alternative option would be to flare or burn it off, which Shell claim it decided against due to the impact these large fires would have on the local community. However, this would have a lower level of emissions. The Council says the issue of emissions to the atmosphere is a matter for the EPA.

This was confirmed to *The*

*Mayo News* by the EPA who also confirmed that Shell has applied for a licence for its preferred option.

"The EPA is in the process of considering an application for an Integrated Pollution Prevention and Control (IPPC) license from Shell E&P Ireland Limited for the proposed Bellanaboy Bridge Gas Terminal, for the operation of a mineral oil and gas refinery. The issue of cold venting of emissions will be dealt with as part of this application," said Ms Niamh Leahy.

The information was released by the council to Cllr Tim Quinn. He expects the EPA will examine the application 'forensically'.

"A lot of people have expressed their concerns about this to me. And since there is no planning permission there for the cold-venting yet, I expect that the health and safety of the community will be a priority," said Cllr Quinn.

The Council has informed Cllr Quinn that cold-venting will 'increase the annual discharge of emissions to the air by 95,000kg, to 387,000kg, in comparison to the original EIS submitted by Shell, which did not involve cold-venting.

The Council says all relevant documents are available at its offices in Castlebar.

40 Mayo News 26/12/06

CARROWMORE LAKE

ANECRD PLEANALA	BY
TIME	26 MAY 2004
LTRATED	FROM
PL	

ATLANTIC OCEAN

C E A N

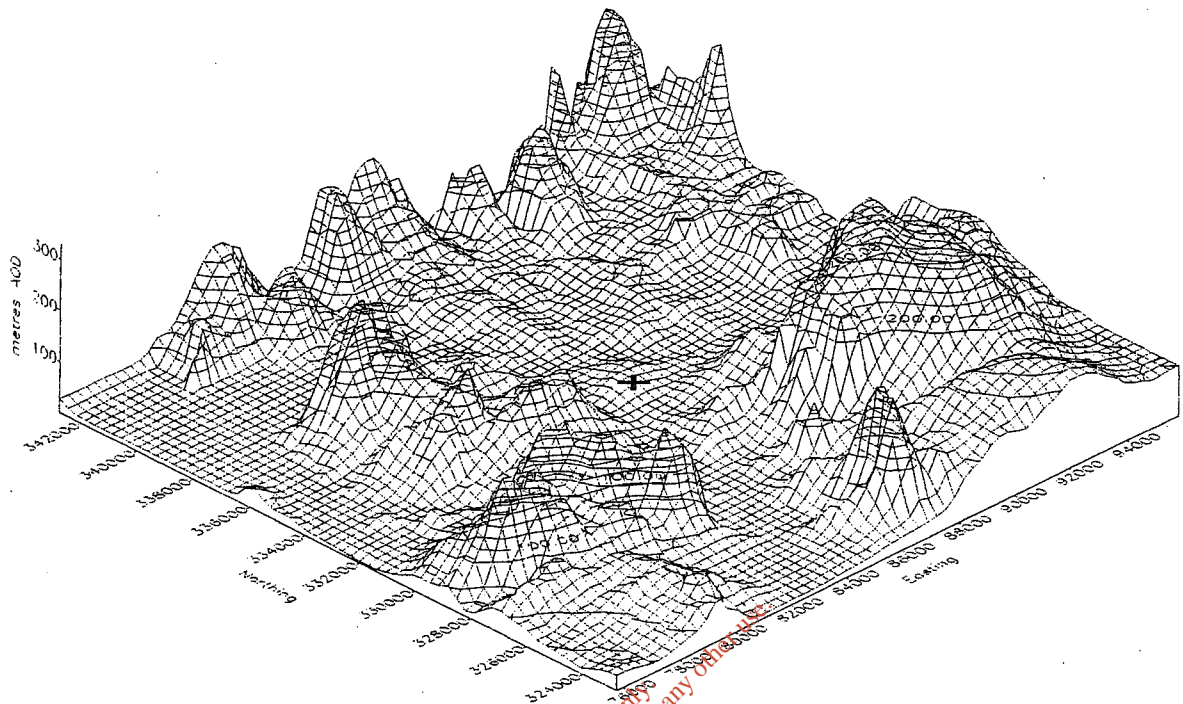
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## Mayo Landscape Appraisal Slopes and Ridgelines

— Ridgelines  
Slopes >10% with a vertical run >40m

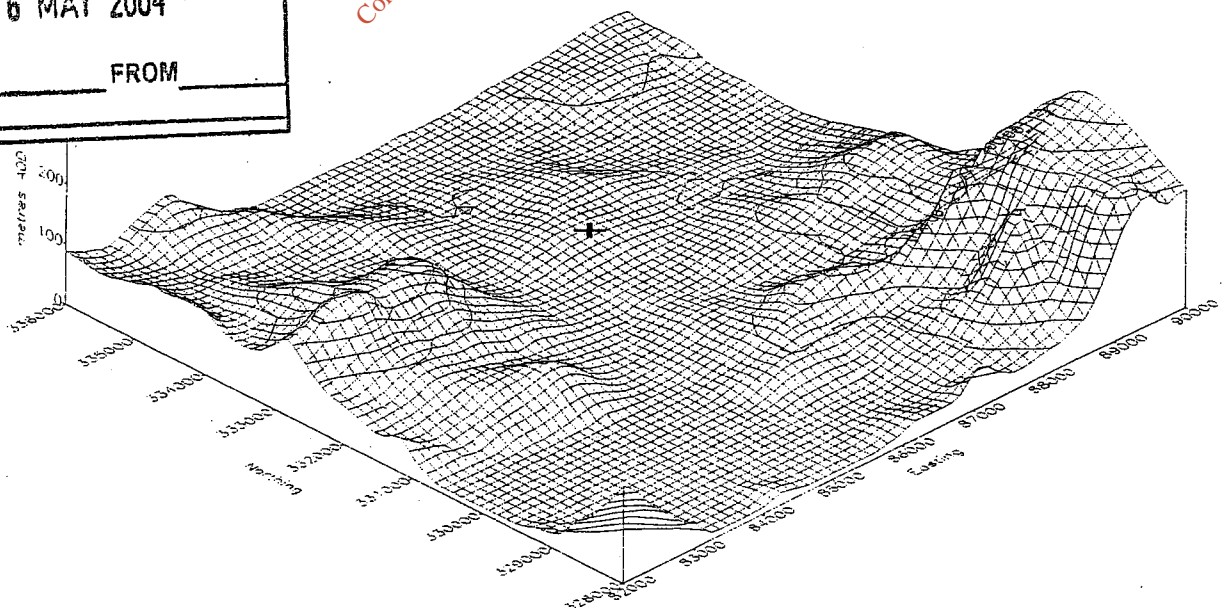


# Topography Surface Plot - 20 km x 20 km



## Topography Surface Plot - 8 km x 8 km

AN BORD PLEANALA	
TIME _____	BY _____
26 MAY 2004	
LTR-DATED _____	FROM _____
PL _____	



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*[Signature]*  
68 of 81



# record in North Sea takes a hammering

The Guardian  
5/3/07

**Oil group given repeated warnings about rigs**

**Critics fear neglect as end of commercial life nears**

**Terry Macalister**

Shell has been repeatedly warned by the Health and Safety Executive about the poor state of its North Sea platforms, according to information obtained by the Guardian.

The company's dismal record undermines Shell's public commitment to improve its performance after a fatal explosion on the Brent field in the North Sea in 2003 and raises further concerns about Britain's ageing oil and gas equipment.

As recently as November 13, Shell – one of Britain's largest companies – was served with a rebuke and a legal notice that it was failing to operate safely.

"Shell have failed to implement a suitably resourced maintenance regime to achieve compliance with their maintenance strategy. This has led to an excessive backlog of maintenance activities for safety critical equipment," says the HSE's improvement notice number 300463514, covering the Clipper 48 platform in the southern North Sea.

Critics fear that some of the long-established oil infrastructure in the North Sea is being neglected because it is coming to the end of its commercial life.

Shell was served with a similar notice, on September 1, about the state of facilities on the Leman A platform in the central North Sea. The HSE notice 300331067, said: "Lifting equipment was not being

adequately maintained through the rigging loft. The AK gantry cranes were inadequately maintained. On-site control of lifting operations was seen to be inadequate." And on July 27 last year, Shell was told by the North Sea safety regulator it had "failed to ensure the health and safety of your employees and others by failing to ensure that the 12-inch oil export pipework P-137-1106Y, so far as is reasonably practicable, has been maintained in an efficient state, in efficient working order, and in good repair." This notice – 300319346 – is particularly damaging because it relates to a platform on the large Brent field.

Just eight days before this notice was served, an Aberdeen sheriff's court had ruled in a fatal accident inquiry that Shell could have prevented the two deaths if it had properly repaired a hole in a corroding pipe on a Brent platform. Shell had earlier admitted responsibility for this accident but on the day of the sheriff's report, the Offshore Industry Liaison Committee complained that the Brent Bravo platform still had leaks, dangerous stairs, and lifts left broken for six months.

Last summer Shell insisted it was in the middle of a \$1bn (£515m) programme to upgrade its platforms, saying: "Safety is and will remain our first priority."

But the HSE website shows Shell was issued with 10 improvement notices during 2006, although one referred to an onshore facility at St Fergus in Scotland. Notices are served where the HSE considers a company is operating unlawfully with unacceptable risks, according to industry experts. The regulator's website suggests that Shell has been served with 42 notices since 1999, while BP, a company of similar size, has received 25. From 2002 to the end of last year among other North Sea operators, Total had been served with four notices, Chevron one and Amerada Hess two. Despite these high numbers, a Shell spokesman said at the weekend the company had been working hard and successfully to improve its track record. "Improving our performance is an important priority and we have set ourselves tough targets to do this," he said.

Sources close to the company denied that Shell's record was worse than others. There had been a sixfold decrease in "total reportable case [accident] frequency" between 1999 and 2006, added the source. Last year, Shell was embarrassed when Bill Campbell, one of its senior safety consultants, claimed the company was operating a weak safety regime and said some employees had been falsifying documents. Shell denied the charges, but Mr Campbell has been threatening the company with a defamation case.

## Backstory

North Sea operators are investing less in offshore oil platforms at a time when production is falling much faster than expected, according to a recent report from the UK Offshore Operators Association. As the North Sea nears the end of its natural life as an oil province, many large groups are looking for much bigger finds elsewhere. North Sea production fell 9% to 2.9m barrels of oil equivalent last year and UKOOA expects it to be 250,000 barrels lower on average over the remainder of the decade. UKOOA is also predicting investment will fall to as little as £4bn this year compared with £5.6bn last year, at a time when costs are rocketing due to equipment shortages.

*The Irish Times 31/1/07*

# Campaign says Shell owes \$20bn

**TERRY MACALISTER** IN LONDON

Record annual profits expected to be announced by Shell tomorrow should be used to pay off more than \$20 billion (£15.5 billion) in estimated compensation for damage caused to communities and the environment by its activities, according to an alliance of human rights and green groups.

A report by the Shell Accountability Campaign, which is led by Friends of the Earth (FOE), claims Shell has left a legacy of oil spills, air pollution and financially under-rewarded local residents.

Shell's environmental record in Nigeria is

given prominence in the report, which demands the company pay \$10 billion to clean up oil spills and compensate communities in the Niger Delta. A further \$1.5 billion should be spent ending gas flaring in the country, while a similar amount should be paid immediately to the Ijaw community in line with a ruling in the Nigerian high court, it urges.

Environmental Rights Action, FOE and others estimate that as much as 13 million barrels of oil have been spilled into the Niger Delta ecosystem over the last 50 years by Shell and its partners - about 37 times the amount spilled when the Exxon Valdez tanker ran aground off Alaska in 1989.

The bill from all Shell's activities worldwide is difficult to quantify, but is likely to be much higher than the \$20 billion estimate, the green group says. It also notes that Shell's claimed commitment to renewable energy projects is undermined by the fact that less than 1 per cent of its earnings during the year came from wind or solar.

The Anglo-Dutch oil company is expected to show earnings of \$25 billion, up 17 per cent.

Shell said last night the report's claims "neither reflect the realities of the situation and the very real progress made, nor represent the views of the wider communities around these locations". - (Guardian service)

## FOREWORD

In recent years some of the most respected names in Irish Society have been caught-up and at times associated with what can only be described as an unprecedented series of business scandals.

Nobody appears to have done anything illegal nor to have broken the law, yet the product of these transactions has given rise to a general unease, a growing and widespread conviction that it is not necessary for the law to be broken for a transaction to be morally unacceptable and wrong.

This is the kernel of business ethics. Their presence is necessary for the very functioning of a democratic society where the basic concept of consent is absolutely vital.

Should this consent be withdrawn we are in anarchy.

Our business leaders would do well to reflect that these scandals are a direct result of their actions and politicians might be mindful that they are a consequence of their inaction if not acquiescence.

Grave damage has been done to Ireland's corporate image. People everywhere will be dismayed at the apparent ease with which individuals can shelter millions of pounds offshore companies.

As long as our legislators continue to permit, encourage and reward investment in property, similar type transactions and financial deals on a scale hitherto unimaginable and unachievable in other business activities, then will these investments continue to be so directed.

The result is a marked shortage of capital for investment in industry and general commercial activities where the hope, the only hope, of making impact on our national jobs crisis where the real number out of work is probably close to 400,000.

The passing of a tax amnesty designed to pardon those who could afford to pay their taxes but didn't, only emphasises these points.

The material for these essays has been entirely derived from reports previously published in the national media, from statements made in Dail Eireann and from interviews.

Ethics and easy Money

in

Holy Ireland

C. H. Walsh

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# It's Time For Negotiation

by Tony Geraghty, Editor

This week saw a lot of activity in the ongoing Corrib Gas saga, from the release of the Advantica Report on the Safety Review, the announcement by Minister Noel Dempsey that it's full steam ahead, and the apology from Shell Ireland for the jailing of the Rossport men.

What might have been missed was the wording of that apology by Andy Pyle. On both RTE Radio's lunchtime news, and again on RTE Television's 6.01 News, when speaking about the release of the Advantica Report, Andy Pyle stated "This is an appropriate time to apologise for the part we [Shell] played in the activities last year where five people ended up in prison. I am personally recognising that we have made mistakes."

Now we have been following the machinations of Mr. Pyle for a long time, and this newspaper has been to the fore in criticising Shell, and in particular Andy Pyle's attitude, and arrogance in the past. It is therefore incumbent on us to recognise this change of heart, and in approach to dealing with the issue. Given Mr. Pyle's aggressive nature in the past, it should also be recognised that it must have been particularly difficult for Mr. Pyle to utter such an apology.

If there is one thing we know about the Rossport dispute, it is that there must be a resolution, and for that resolution, there must be negotiation. Given that Shell have now stated publicly that the project will only pro-

*[This is an appropriate time to apologise for the part we played in the activities last year where five people ended up in prison. I am personally recognising that we have made mistakes.]*  
Andy Pyle, Shell Ireland.

ceed with the agreement of the "vast majority of the community", and with the agreement of the landowners in Rosport, surely the mediation process must begin, and some sort of resolution be explored.

It is regarded by some in the anti-Shell camp that the objective of this new approach is to bring the majority onto the side of Shell, and thus pressurise those residents of Rosport who have legitimate concerns to give way. The Rosport 5, their supporters and the Shell to Sea group can be confident that their neighbours in the county will not see them coerced, pressured or bullied into a position they are not happy with. Whether this new approach by Shell is a genuine attempt to find a solution to the current impasse, or a cynical attempt to win over public support, we will never know unless the Rosport 5 engage with Shell through the mediation process.

The Rosport dispute has caused much debate and an amount of division in our county. There have been many hurtful things said, and let's not forget that five men spent three months away from their homes and families. The stakes are enormous, and become more so as the oil prices continue to rise. Language is very important, and if Shell are to take this new approach, and comments are to be as reasonable as Micheál O Seighin's statements welcoming the Advantica Report (although pointing out its shortcomings), and graciously accepting Andy Pyle's apology, it makes it so much easier for both sides to engage in a resolution. Maybe the council of natives Christy Loftus and John Egan have brought about a change of heart, or just a change of language.

Despite what some national media might believe, including last weekend's Sunday Business Post who would normally be seen as well informed, the Rosport 5 still have the genuine support of a great many citizens of the county. Given the previous approach of Shell Ireland, it is going to take more than an apology to gain the trust of the majority of us, never mind the vast majority. But people will become frustrated if one side is not seen to make every attempt to find a solution. This is why the Mayo Echo makes an appeal to the Rosport community to engage substantially with the mediator, Peter Cassells and begin negotiations for a solution. It would be a great disservice to us all if a resolution were available, but delayed due to inaction. As that old quote goes, "To jaw-jaw is always better than to war-war".

# dispute

**LORNA SIGGINS,**  
MARINE CORRESPONDENT

Shell E&P Ireland says it hopes to have reached a "negotiated settlement" on the future of the Corrib gas onshore pipeline before its continued legal action against objecting landowners reaches a full hearing.

The latest stage in the legal action takes place in the High Court tomorrow, but the company said yesterday it did not anticipate a full hearing until the autumn. Talks chaired by Peter Cassells are expected to continue this week between the company and the five men jailed over their opposition to the pipeline.

The permanent injunction sought last year by Shell against six people includes three of the men who were jailed for 94 days - Philip McGrath, Brendan Philbin and Willie Corduff - and landowners Bríd McGarry, Monica Muller and environmentalist Peter Sweetman.

In their defence, the six have been given permission by the High Court to include claims that there is no valid consent for the pipeline. Legal representatives in a separate action by Bríd McGarry, the largest landowner on the pipeline route, and Brendan Philbin have successfully applied for the Minister for the Marine to be named alongside Shell in the legal action.

"By the time the legal action reaches a full hearing, we hope to have reached a negotiated settlement," Shell E&P Ireland said yesterday, after a week in which it issued conflicting signals about its intentions. A day after publication of the Government's safety review and recommendations, the company's chief executive, Andy Pyle, expressed "regret" at the men's jailing and admitted the company had made mistakes.

Mr Pyle confirmed to *The Irish Times* last Thursday that the company had been reviewing alternative routes for the pipeline in recent weeks and said he was willing to talk about "all options" in mediation. However, by Friday, in a briefing to local media in Castlebar, Mr Pyle was ruling out an offshore option and his representative played down this newspaper's report of alternative routes as "speculative".

The company lifted its temporary injunction against landowners last September, after five men jailed for contempt of the court order spent 94 days in jail. However, the permanent injunction against six people, including three of the jailed landowners, has never been withdrawn.

*Irish Times 8/5/06*

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# Offshore platform not viable, says Shell

## US pipeline expert says firm may be unable to meet Government's key safety recommendation

**LORNA SIGGINS  
AND TOM SHIEL**

Shell E&P Ireland has ruled out an offshore processing platform for the Corrib gas field. Managing director Andy Pyle said in Castlebar, Co Mayo, yesterday that an offshore terminal had been discounted previously for good reasons involving safety, environmental and technical matters. On Thursday, he had said Shell was willing to discuss all options

with the north Mayo community, including the offshore option. "We have to be realistic," he said. "We did not believe an offshore platform was viable before. We do not believe it is viable now."

But Shell may have difficulty meeting the Government's key safety recommendation on the Corrib gas onshore pipeline, US pipeline expert Richard Kuprewicz has said. In this context, Mr Kuprewicz

was "encouraged" that the firm was offering to talk to the community about other options.

Mr Kuprewicz, whose firm Accufacts Inc undertook a risk analysis of the pipeline for the Centre for Public Inquiry last year, said his firm had tried - and failed - to produce a "fallsafe" design similar to that recommended by Government consultants Advantica.

"You only have to hit high pressure once and you have a problem," he said.

The Accufacts report said the minimum safe distance for the "unique" pipe was 200-400 metres from residents and individuals. Minimum proximity on the current Corrib route is 70 metres.

Shell had described his report as "highly speculative", but Advantica notes the common ground between the two reports in its final study published this week.

On the "critical issues" identified by Accufacts, Advantica

agreed with half of the points raised and could not comment on six issues as they were outside its terms of reference.

But it maintains that if its recommendation on reducing pressure in the pipe to 144 bar is followed, an "early ignition" scenario outlined by Accufacts, such as that in Carlsbad, New Mexico, where 12 people on a camping trip were killed in a rupture in August 2000, could be avoided.

Mr Kuprewicz urged inter-

ested parties to read the two reports in tandem. Accufacts has conducted hazard analysis in the US and internationally and had bid unsuccessfully for the Government safety review.

Statoli, partner in the Corrib project, yesterday welcomed the final publication of the safety review, and described it as an "important step" towards addressing outstanding issues.

Helge Hatlestad, Statoil International's senior vice-presi-

dent, said it would "actively work" with Shell E&P Ireland, Corrib's operator, and partner Marathon to "fully adhere to all of the recommendations" in the review.

Chambers Ireland called yesterday for "fresh efforts" to resolve the outstanding issues, in opening up the gas field, and said connection of northwest towns to the gas network should be expedited as part of this.

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By Tom O'Neill

NATIONAL GEOGRAPHIC STAFF

Photographs by Ed Kashi

**O**il fouls everything in southern Nigeria. It spills from the pipelines, poisoning soil and water. It stains the hands of politicians and generals, who siphon off its profits. It taints the ambitions of the young, who will try anything to scoop up a share of the liquid riches—fire a gun, sabotage a pipeline, kidnap a foreigner.

Nigeria had all the makings of an uplifting tale: poor African nation blessed with enormous sudden wealth. Visions of prosperity rose with the same force as the oil that first gushed from the Niger Delta's marshy ground in 1956. The world market craved delta crude, a "sweet," low-sulfur liquid called Bonny Light, easily refined into gasoline and diesel. By the mid-1970s, Nigeria had joined OPEC (Organization of Petroleum Exporting Countries), and the government's budget bulged with petrodollars.

Everything looked possible—but everything went wrong.

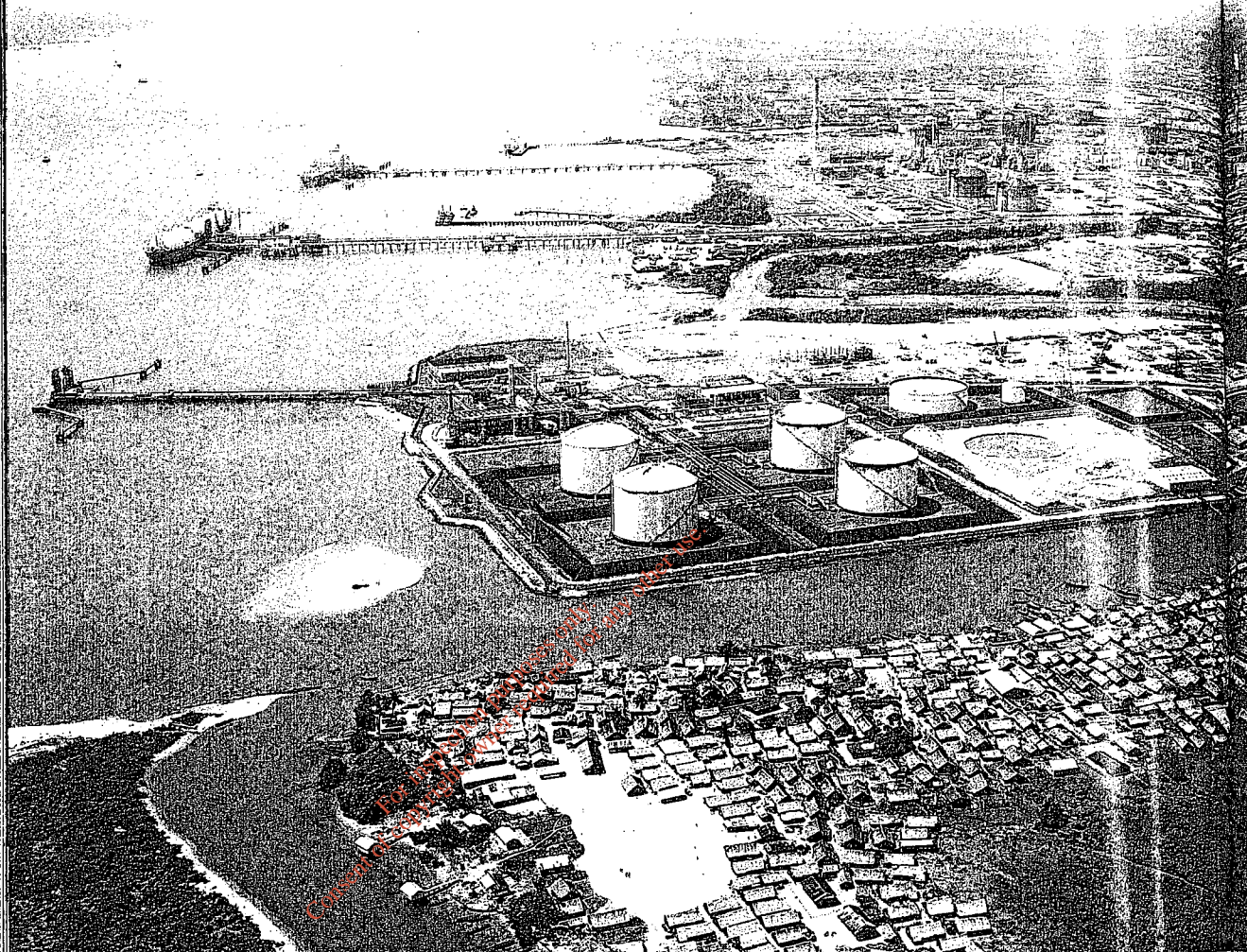
Dense, garbage-heaped slums stretch for miles. Choking black smoke from an open-air slaughterhouse rolls over housetops. Streets are cratered with potholes and ruts. Vicious gangs roam school grounds. Peddlers and beggars rush up to vehicles stalled in gas lines. This is Port Harcourt, Nigeria's oil hub, capital of Rivers state, smack-dab in the middle of oil reserves bigger than the United States' and Mexico's combined. Port Harcourt should gleam; instead, it rots.

Beyond the city, within the labyrinth of creeks,

and pipeline channels that vein the delta—one of the world's largest wetlands—exists a netherworld. Villages and towns cling to the banks, little more than heaps of mud-walled huts and rusty shacks. Groups of hungry, half-naked children and sullen, idle adults wander dirt paths. There is no electricity, no clean water, no medicine, no schools. Fishing nets hang dry; dugout canoes sit unused on muddy banks. Decades of oil spills, acid rain from gas flares, and the stripping away of mangroves for pipelines have killed off fish.

Nigeria has been subverted by the very thing that gave it promise—oil, which accounts for 95 percent of the country's export earnings and 80 percent of its revenue. In 1960, agricultural products such as palm oil and cacao beans made up nearly all Nigeria's exports; today, they barely register as trade items, and Africa's most populous country, with 130 million people, has gone from being self-sufficient in food to importing more than it produces. Because its refineries are constantly breaking down, oil-rich Nigeria must also import the bulk of its fuel. But even then, gas stations are often closed for want of supply. A recent United Nations report shows that in quality of life, Nigeria rates below all other major oil nations, from Libya to Indonesia. Its annual per capita income of \$1,400 is less than that of Senegal, which exports mainly fish and nuts. The World Bank categorizes Nigeria as a "fragile state," beset by risk of armed conflict, epidemic disease, and failed governance.

The sense of relentless crisis has deepened since last year, when a secretive group of armed, hooded rebels operating under the name of the Movement for the Emancipation of the



Niger Delta, or MEND, intensified attacks on oil platforms and pumping stations, most operated by Shell Nigeria. Militants from MEND and other groups have killed soldiers and security guards, kidnapped foreign oil workers, set off car bombs in the delta city of Warri to protest the visit of Chinese oil executives, and, to show off their reach, overrun an oil rig 40 miles offshore in the Gulf of Guinea. The attacks have shut down the daily flow of more than 500,000 barrels of oil, leading the country to tap offshore reserves to make up for lost revenue. With each disruption, the daily price of oil on the world market climbed. According to the Brussels-based International Crisis Group, escalating violence

in a region teeming with angry, frustrated people is creating a "militant time bomb."

From a potential model nation, Nigeria has become a dangerous country, addicted to oil money, with people increasingly willing to turn to corruption, sabotage, and murder to get a fix of the wealth. The cruellest twist is that half a century of oil extraction in the delta has failed to make the lives of the people better. Instead, they are poorer still, and hopeless.

Every day at Bonny Island, oceangoing tankers line up in Cawthorne Channel like massive parade floats. They're each waiting to fill up with close to a million barrels



From a potential  
model nation, Nigeria  
has become a dangerous  
country, addicted  
to oil money.

Uprooted to make room for a liquefied  
natural gas plant, people in the village of  
Finima on Bonny Island complain that the  
facility has damaged fishing grounds,  
with few jobs offered in return.

Surviving is very hard." Harry, a 30-year-old  
father of two children, should have been in his  
canoe this afternoon, throwing out nets to snare  
crayfish and sardines. But he was sitting in an  
airless concrete block shelter with half a dozen  
other fishermen, none of whom had much to do.

Then their fishing community once stood on the  
other side of a small inlet, where fuel storage  
tanks the size of cathedral domes now loom, and  
where the superstructure of a liquefied natural  
gas plant juts higher than any tree in the forest.  
The relocation of Finima in the early 1990s  
jarred loose the community's economic moor-  
ings. "We can't support our families anymore,"  
Harry said.

Houses in the new village are tightly packed,  
leaving little room for gardens. Windows look  
out on walls. In this claustrophobic setting, the  
men talked about nature. "The forest where the  
gas plant is protected us from the east wind,"  
Solomon David, the community chairman, said.  
"Now, the rain and wind ruin our thatched roofs  
every three months. They lasted more than twice  
as long before." Another fisherman mentioned  
how construction and increased ship traffic  
changed local wave patterns, causing shore ero-  
sion and forcing fish into deeper water. "We  
would need a 55-horsepower engine to get to  
those places." No one in the room could afford  
such an engine.

OIL IN NIGERIA 99

of the coveted Bonny Light, drawing the oil from  
a nearby export terminal. Ships have been gath-  
ering at this 15-mile-long barrier island since  
the mid-1500s, when slave trading between West  
Africa and the New World began. Beneath the  
contemporary cacophony—the yammer of  
motorcycle taxis, the call of Christian preachers  
from the market stalls, the throb of drums  
and guitars from boomboxes inside shacks—  
strains of anger and sorrow echo the tragedy of  
exploitation.

"It's not fair," Felix James Harry muttered in  
a meetinghouse in the village of Finima on the  
western end of the island, close to the oil and gas  
complex. "We can hardly catch fish anymore.

The government documented 6,817 spills—practically one a day for 25 years—but analysts suspect the real number may be ten times higher.

Wading through swamp waters discolored by an oil spill, Chief Sunday Ugwu assesses the damage in Odiemerenyi. Companies usually offer compensation, but activists claim that payments are too low and don't reach the affected people.

The meetinghouse had no electricity, but a battery-powered wall clock, the only decoration, showed that another day was ebbing away. Forced to give up fishing, the young men of the village put their hope in landing a job with the oil industry. But offers are scarce. "People from the outside get all the jobs," Harry said, alluding to members of Nigeria's majority ethnic groups—the Igbo, Yoruba, Hausa, and Fulani—who are the country's political and economic elite. "We have diploma holders, but they have nothing to do."

Grievances crowded the dim room. Bernard Cosmos, a strapping young man in a striped polo shirt, spoke out: "I have a degree in petrochemical engineering from Rivers State University in Port Harcourt. I've applied many times with the oil companies for a good job. It's always no. They tell me that I can work in an oil field as an unskilled laborer but not as an engineer. I have no money to get other training."

Isaac Asume Osuoka, director of Social Action, Nigeria, believes that callousness toward the people of the delta stems from their economic irrelevance. "With all the oil money coming in, the state doesn't need taxes from people. Rather than being a resource for the state, the people are impediments. There is no incentive anymore for the government to build schools or hospitals."

"I can say this," Osuoka said firmly. "Nigeria was a much better place without oil."

Such a stark indictment would surely elicit a reaction from the government and oil companies. But repeated efforts to arrange the-record interviews with officialsdom-company executives, the governor of Rivers State, the commander of the Joint Task Force, which is the military arm responsible for securing the delta—were foiled. Shell and Total, a French company, had offered tours of their facilities but soon after I arrived in the delta, a spate of kidnappings of foreign oil workers, especially around Port Harcourt, prompted the military to restrict the movements of persons





Amid the violence, the oil companies have hunkered down in silence.

At the Finima meetinghouse, the men grew restless and, one by one, drifted into the dusk. Before he left, Felix Harry declared that faith in God would reward the community. That belief must be deep on Bonny Island, judging from the barrage of signs for revival meetings and church services along island roads. One church promoted PUSH: Pray Until Something Happens. Christianity has found fertile ground in the delta after Protestant missionaries arrived in force in the mid-1800s, and it is now the dominant faith.

Harry recited Psalm 91, praising God with

a flourish: "He is my refuge and my fortress." We walked outside. There, stranded on the shore, were the village fishing boats, several dozen of them. Only a miracle would get them into the water.

**A**cross the delta, people are hoping that someone will pay attention to the region's problems and intervene. The U.S. and western Europe, the major consumers of Nigerian oil, are watching closely. With the U.S. consulate in Lagos warning of a possible rebel attack on Bonny Island, diplomats are urging greater military security. Stockholders of the oil companies are asking (Continued on page 108)

**"The companies didn't consult with villagers. They handed out cash to chiefs. It wasn't effective at all."**

MICHAEL WATTS, AFRICA SCHOLAR

Kingdom Elenwa, traditional ruler of the Egi people, relaxes with his grandson after the annual yam festival in Akabuka. The oil firm Total paid for the furniture.

why the situation has turned so perilous. Who is to blame? The answers are as complicated and murky as the water trails in the delta.

When the oil curse began with that first great gusher in the creekside village of Oloibiri, 50 miles west of Port Harcourt, Nigeria was still a British colony. At independence in 1960, few observers expected that Nigeria would mature into an oil giant. But in subsequent decades, the oil companies, led by five multinational firms—Royal Dutch Shell, Total, Italy's Agip, and ExxonMobil and Chevron from the U.S.—transformed a remote, nearly inaccessible wetland into industrial wilderness. The imprint: 4,500 miles of pipelines, 159 oil fields, and 275 flow stations, their gas flares visible day and night from miles away.

No one can deny the sheer technological achievement of building an infrastructure to extract oil from a waterlogged equatorial forest. Intense swampy heat, nearly impenetrable mangrove thickets, swarming insects, and torrential downpours bedevil operations to this day. But mastering the physical environment has proved almost simple compared with dealing with the social and cultural landscape. The oil firms entered a region splintered by ethnic rivalries. More than two dozen ethnic groups inhabit the delta, among them the Ijaw, the largest group, and the Igbo, Itsekiri, Ogoni, Isoko, and Urhobo.

These groups have a history of fighting over the spoils of the delta, from slaves to palm oil—and now, crude oil. The companies disturbed a fragile landscape that supported fishing and farming. Engineers and project managers constructing pipelines through a mangrove swamp or laying roads through marshland, could disrupt spawning grounds or change the course of a stream, threatening a village's livelihood.

Recent reports by the United Nations Development Program and the International Crisis Group identify some of the questionable strategies employed by oil companies: paying off village chiefs for drilling rights; building a road or dredging a canal without an adequate



environmental impact study; tying up compensation cases—for resource damages or land purchases—for years in court; dispatching security forces to violently break up protests; patching up oil leaks without cleaning up sites.

“After 50 years, the oil companies are still searching for a way to operate successfully with communities,” says Antony Goldman, a London-based risk consultant. The delta is littered with failed projects started by oil companies and government agencies—water tanks without operating pumps, clinics with no medicine, schools with no teachers or books, fishponds with no fish.

“The companies didn’t consult with villagers,”

says Michael Watts, director of the African Studies Program at the University of California, Berkeley. “They basically handed out cash to chiefs. It wasn’t effective at all.”

Last summer, skittish oil prices hit \$78 a barrel, partly because of an attack on a Shell flow station. The high prices more than offset production losses caused by the growing instability, helping earn Shell and the other multinationals record profits in 2006. Meanwhile, more oil fields continue to open, many of them offshore where the infrastructure, though far more expensive than on land, is much safer from sabotage and theft. The deepwater fields are attracting aggressive new investors as well.

China, India, and South Korea, all energy-hungry, have begun buying stakes in Nigeria's offshore blocks. "Most Western companies in Nigeria will find it difficult to compete, especially with China," Goldman says. That's because oil purchases by the Chinese come with their commitment to finance large infrastructure projects, such as rehabilitating a railroad line.

The largest new petroleum endeavor on the delta is taking shape along the Nun River, a tributary of the Niger. Operated by Shell, the Gbaran Integrated Oil and Gas Project, scheduled to begin producing in 2008, will encompass 15 new oil and gas fields, more than 200 miles of pipeline, and a sizable gas-gathering plant. New roads are already gashing the forest. Mounds of long black pipes await burial. Near a bank of the Nun, Nigerian soldiers crouch behind a ring of sandbags, a .60-caliber machine gun facing the road as they guard the entrance to the construction site of the gas plant. Cranes and bulldozers crawl over a cleared space large enough to fit two shopping malls. From the air, it must look as if a patch of skin has been removed from the face of the forest.

Activists with human rights groups are pressuring Shell to learn from past mistakes and treat this high-profile project, which affects 90 villages, as a chance to work better with communities. Michael Watts is advising NGOs on how to educate the local people about their rights. "For Shell to conduct business as usual would be a public relations disaster," Watts says. "Folks say, 'Look, these oil companies are making billions by taking out this black stuff from our territory—they should have some ethical and social responsibilities.'"

A cautionary tale unfolds at Oloibiri, where a wellhead, or "Christmas tree," stands in an overgrown plot. Nothing has flowed from it for years. A weathered sign states the facts: "Oloibiri Well No. 1. Drilled June, 1956. Depth: 12,000 feet." Nearby, a plaque dating from 2001 commemorates a presidential visit and the laying of a foundation stone for the Oloibiri Oil and Gas Research Institute, a projected government-funded museum and library. The stone is still there, but nothing else. A few local youths guard the site, not so much to protect it as to demand money from anyone who wants to snap a picture.

In the town of Oloibiri, whose population has dropped from 10,000 to fewer than 1,000

in the past 30 years, a dirt road passes between rough-hewn houses, some roofed with thatch, others with sheets of corroding metal. A small shop offers a few bananas and yams. Inside the only freshly painted structure, a lemon yellow two-story house, Chief Osobere Inengite of the Ijaw tribe apologizes for the appearance of the town: "Oloibiri is supposed to be comparable to Texas," he said. "I ask you, in Texas have the people in 50 years seen one second of darkness? Look here, we have no light, no water, no food, no jobs."

The chief looked prosperous. He was wearing an ornate black-and-purple robe, a chunky coral necklace, and a black derby, his outfit for a neighboring chief's coronation downriver in Nembe later that day. Like most chiefs, Inengite has a business—dredging sand from the river for roadbuilding. He always keeps an eye on visitors to Nigeria's historic Well No. 1. He wants them to leave Oloibiri with a message for Shell, which owns the local oil fields. "Tell them to help us. Tell them to train 50 boys and send them from here for jobs," the chief pleaded. The chief sighed, "If we had never seen oil, we would have been better off."

**W**here does all the oil money go? The question is asked in every village, town, and city in the Niger Delta. The blame spreads, moving from the oil companies to a bigger, more elusive target, the Nigerian government. Ever since it nationalized the oil industry in 1971, the government has controlled the energy purse. In a joint venture arrangement, the state, in the name of the Nigerian National Petroleum Corporation, owns 55 to 60 percent of multinational oil operations onshore. The windfall in revenues from the arrangement has grown in real dollars from \$1 million a year to more than 60 billion in 2003. During that time, even though the government has evolved from a military dictatorship to a democracy (the latest attempt at civil government began in 1999), what has not changed is rampant corruption. An International Crisis Group report calls it "the institutionalized looting of national wealth." The money involved is staggering. The head of Nigeria's anticorruption agency estimated in 2003, 70 percent of oil revenues, more

than 14 billion dollars, was stolen or wasted.

On paper, a mechanism does exist for distributing oil revenues somewhat fairly. The federal government retains roughly half and gives out the rest each month, on a sliding scale, to the 36 state governments. The core oil producers—Rivers, Delta, Bayelsa, and Akwa Ibom—receive the most. During the month I was in the delta, those four states divided up more than 650 million dollars.

But there is no discernible trickle down.

Newspaper articles and court cases document spectacular misuses of the money by military men and public office holders—such as the now imprisoned former Bayelsa governor Diepreye Alamieyeseigha—who stash hundreds of millions of dollars in foreign bank accounts to buy mansions in the U.S. and send their children to private schools in London. For the delta's 30 million people—most of whom struggle on less than a dollar a day—seeing this kind of money coming into their states with essentially none of it reaching them has created conditions for insurrection.

Nigeria's oil money won't keep coming, of course—perhaps another 40 years, the experts say. Natural gas is a fallback. Nigeria's reserves are estimated at 184 trillion cubic feet, good for an estimated 240 years of production at current levels. In the meantime, Antony Goldman says, "The government is following a simple plan for oil extraction: We've got to get what we can now, now."

Isaac Osuoka remembers the first time he saw frozen fish. It was the late 1970s, and he was five. A peddler caused a stir as he entered Osuoka's delta town of Oeliabi (now Akinima) with a carton of what he called ice fish. "We never had fish brought in from outside," said Osuoka, who now lives in Port Harcourt. "We had no idea what frozen fish meant. There were rumors that this fish was kept in a mortuary."

Frozen fish was a harbinger of the changes that would traumatize Osuoka's community. "As a boy, I could stroll to the rivers or back swamps with a rod and a net and come back with enough fish to feed my family," he recalled. "There was usually enough left over to sell, providing income for us to go to school." This bounty would not survive the coming of oil. Leaks from pipelines and wells, and the building of roads and canals, have disrupted the wetlands. "The

China, India, and  
South Korea have  
begun buying stakes  
in offshore blocks.

degree and rate of degradation," the UN report warns, "are pushing the delta towards ecological disaster."

In 1996, Osuoka joined Environmental Rights Action, an advocacy group that helps communities defend their resources and learn their legal rights so they can avoid Oeliabi's fate. "We're seeing that environmental damages often happen silently, with their effects not coming out until years later," Osuoka said. "Today, there is not a single person in my community you could describe as a fisherman. We depend almost totally on frozen fish." At market stalls, a piece of frozen croaker or mackerel, most of it imported, goes for almost a dollar, unaffordable for most villagers.

The best environmental studies of the delta were done at least 30 years ago, according to Jimmy Adegoke, a Nigerian-born research scientist at the University of Missouri. To help fill the void, he and a team of researchers conducted fieldwork and a satellite-based study of the delta. They found that between 1986 and 2003, more than 50,000 acres of mangroves disappeared from the coast, largely because of land clearing and canal dredging for oil and gas exploration. "That is a significant amount given how valuable the mangrove ecosystem is," Adegoke said, referring to the coastal forest's high productivity for fish populations. "I think the loss of one acre is too much. You're wiping out the means for people to sustain themselves."

Oil companies operated in the delta for years with little environmental oversight. There was no federal environmental protection agency until 1988, and environmental impact assessments weren't mandated until 1992. What pressure the government exerts now is directed mostly at halting gas flares. Delta oil fields contain large amounts of natural gas that companies have



traditionally elected to burn off rather than store or reinject into the ground, more costly measures. Hundreds of flares have burned nonstop for decades, releasing greenhouse gases and causing acid rain. Communities complain of corroded roofs, crop failures, and respiratory diseases. After first ordering companies to eliminate flaring by 1984, the government keeps pushing back the deadline. Shell, the main offender, recently announced that despite making considerable progress, it could not meet the latest target date of 2008.

On land, there are oil spills, polluting groundwater and ruining cropland. The government documented 6,817 spills between 1976 and

2001—practically one a day for 25 years—but analysts suspect that the real number may be ten times higher. Old, improperly maintained equipment causes many of the leaks, but oil operators blame sabotage and theft, speculating that distressed community members deliberately caused oil spills to collect compensation money.

Well 13 in Shell's Yorla field had been leaking for five days when I got there. Members of the nearby Ogoni village of Kpean had assembled around a five-foot-high wellhead that stood in the midst of high grass. Puffs of smoke drifted from the iron structure. Oil dripped from its sides into a spreading lake.

"We're expecting Shell, but no one has come



"Violence begets violence.  
When someone loses hope,  
he is devastated, and he  
will say, 'Either I fight, or  
I leave this world.'"

A NIGERIAN UNIVERSITY LECTURER

Mourners in Oporoza take a last look  
at a MEND rebel killed by the Nigerian  
military. Insurgents later struck back,  
attacking oil facilities and kidnapping  
dozens of workers.

from wells outside the area continued to flow in  
pipelines through Ogoni territory.

Alarmed by Saro-Wiwa's popular support,  
Nigeria's military government brought charges  
of murder against him and fellow activists. The  
government accused them of instigating the mob  
killings of four Ogoni leaders from a rival fac-  
tion. At a tribunal widely regarded as a sham,  
and with the alleged complicity of Shell, Saro-  
Wiwa and eight others were found guilty and  
hanged in 1995. Though the world community  
reacted with outrage, and Saro-Wiwa's son ini-  
tiated a lawsuit against Shell for human rights  
abuses (which is ongoing), the situation has not  
improved. In fact, Isaac Osuoka told me, "things  
have gotten worse since Ken was murdered."

To this day, safety concerns and lengthy, often  
hostile negotiations with community leaders  
over access fees and compensation payments  
hamper Shell's response to spills. When I heard  
that the leak at Well 13 had become a fire,  
I returned to Kpean. Black smoke was flood-  
ing the sky above the palm trees. This time I  
couldn't get close to the well—a group of angry  
Ogoni youths blocked my vehicle.

"Get out, white man! You work for Shell!"  
one yelled.

"You want to see it? Give us 100,000 naira,"  
another shouted. He was demanding \$800.

A few days later, I asked Patrick Naagbantou,

yet," a villager said. "Soon the oil will leak into the  
creek over there and spoil our drinking water."

Shell and Ogoniland share a tragic history.  
Nigeria's first mass protest against the oil indus-  
try emerged in these tribal lands southeast of  
Port Harcourt. In 1990, the charismatic writer  
Ken Saro-Wiwa, outraged by oil spills in Ogo-  
niland, founded the Movement for the Survival  
of Ogoni People. The organization demanded  
control of the oil on Ogoni lands and an end to  
environmental damage. A quarter of a million  
Ogoni, nearly half the population, rallied in  
early 1993 to support the cause. Later that year,  
Shell, citing security concerns, halted produc-  
tion from its 96 wells in Ogoniland—though oil

an Ogoni journalist who had marched with Saro-Wiwa, to convince the village chief to let us in. Naagbanton led the way, shoving through the crowd toward the well. A fireball was erupting from the ground. The flames roared. Within the inferno, the iron Christmas tree was melting like an effigy thrown on a funeral pyre. Letam Nwinek, one of the villagers, pulled us away from the heat. "We're afraid that if the fire enters the pipeline, the whole community could go up," he said. "Shell keeps promising to come, but they say they need more foam and special equipment because the fire has grown so large."

Suddenly, the crowd began scattering. A man dressed for the city in a pink shirt and black beret came up to us.

"You'd better leave. Now!"

Our evictor, Marvin Yobana, was president of the Ogoni Youth Council. As he spoke, five men surrounded us in a threatening stance.

"Yobana is what passes as an Ogoni leader today," Naagbanton said as we retreated. "He's a thug. I believe he's negotiating with Shell to gain a lucrative clean-up contract and doesn't want journalists around." Taking a last look at the fire, Naagbanton said with disgust, "He's just part of the predatory, parasitic struggle to get oil money."

Well 13 would burn for two more months before a Shell team arrived to extinguish it.

**I**s anyone listening?" Ken Saro-Wiwa had asked in his final newspaper column. "The delta people must be allowed to join in the lucrative sale of crude oil," he wrote. "Only in this way can the cataclysm that is building up in the delta be avoided."

The cataclysm is upon the delta. As I write this, 70 militants have just attacked a Shell convoy in the Cawthorne Channel, taking 25 oil workers hostage. Rebels have killed nine Nigerian soldiers in a firefight near Brass Island, the site of a large, vulnerable export terminal. Meanwhile, east of Port Harcourt, gunmen have raided an ExxonMobil residential compound and abducted four Scottish oil workers, demanding ten million dollars each for their release.

The number and severity of attacks in the delta have been building, led by youth groups

demanding access to the oil wealth in their territories. This surge in militancy is emblematic of a continent-wide frustration among young, says Michael Watts, of the University of California. "Across Africa you have a huge number of alienated youths, politically footloose who thought they could achieve something through their countries' moves to independence and democracy. Those hopes have been almost everywhere violently snuffed out. The youths are pissed off and willing to up the ante."

In the Niger Delta, escalating violence undermined the country's financial stability and its ability to supply crude to the Western world. Shipments from new offshore rigs are made up for some of the oil lost to sabotage, but rebels identified with MEND have threatened to shut down everything. The day the U.S. consulate warned of the possible attack on Bonny Island, a spokesman for MEND boasted to the press, "We will wipe out the Nigerian oil export industry in one swipe."

Late one night in a darkened neighborhood in central Port Harcourt (the city was experiencing one of its regular blackouts), an angry young man, who asked for anonymity, explained his outrage. "Nigeria made its greatest mistake taking the life of that man Ken Saro-Wiwa. He will not be forgiven. When the Nigerian government overreacted like that, the thinking became we have to carry weapons unless we want to die. Violence begets violence. When someone gives you hope, he is devastated, and he will say, 'Either I fight, or I leave this world.'"

This young Nigerian is a university lecturer who says the time for talking has passed. "When the situation in the delta threatens to turn into another Middle East, then the world will finally intervene."

Another night in Port Harcourt, a prolonged gun battle erupted outside my compound. Shots from AK-47s, answered by the booming of pump-action shotguns, sent me running to barricade my door. The gunmen abducted four expatriates from Goodfellas, a nightclub nearby. (It was this incident that led the companies to cancel their tours.) A Dutch worker on contract to Shell, who makes \$80,000 a year as a pipeline construction supervisor, told me he has to travel everywhere with an armed escort. "You must keep it in your mind that people out there may kill you," he said.

**Blood and Oil** Hear voices from the Niger Delta, where oil means poverty and suffering for many. See this multimedia production at [ngm.com/0702](http://ngm.com/0702).

With every assault by the insurgents, the Nigerian military seems to answer with devastation. One evening, a gang of kidnappers dressed in army camouflage came by boat to a waterside neighborhood called Aker Base on the outskirts of Port Harcourt, stormed into a bar, and snatched an Italian construction worker employed by Saipem, an oil-servicing company. During the grab, the assailants killed a soldier. Within hours, troops swept into the shantytown and burned down every structure except a bank. Days later, stunned residents wandered through the charred ruins like ghosts; some 3,000 had lost their homes.

A woman clutching her melted cell phone moaned, "I have to tell my mother, my brothers and sisters what happened. I don't know where to start and where to end." In front of a collapsed church, the village chief implored a crowd to "Let God fight this case." A lawyer hired by the village provided little comfort when he said that Saipem would meet with the community "maybe in a week" and ask for a list of everything lost.

"I blame the government," said Caroline Mathias, the owner of the bar, staring at a pile of melted bottles and the crumpled metal roof where her business had stood. "The government should help us. I'm begging them. We are not the ones who killed that soldier."

The Italian worker was freed five days after the sack of Aker Base. That month, 18 foreigners were abducted; all were released, reportedly after hefty ransom payments.

No one is sure how many delta people have picked up the gun to fight for their rights. Estimates range from the low hundreds to the low thousands. What is certain is that each time the military reacts with extreme measures, the number rises.

The rebels seem unafraid, as when a hundred or so MEND members and supporters gathered openly at a morgue in the city of Warri for the funeral service of nine militants killed on the water in an ambush by the Nigerian military. Afterward, MEND leaders invited the press to accompany boats taking the caskets to villages for burial. Along the way, men waved guns from jetties, and white flags flew from huts. The men wore conspicuous red-and-white ties knotted around their arms. The ties and flags were symbols of Egbesu, the Ijaw god of war. Warriors wear the knots as protection

"Everyone was sure they  
would be blessed with the  
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But we have nothing.  
I feel cheated."

PATRICK AMAOPUSANIBO, RETIRED BUSINESSMAN

against death, believing that having taken an oath to Egbesu, nothing metal—neither bullet nor machete—can harm them. Farther on, a rebel camp sat brazenly on a riverbank, the blue roofs of its barracks plainly visible to oil company helicopters.

No solution seems in sight for the Niger Delta. The oil companies are keeping their heads down, desperate to safeguard their employees and the flow of oil. The military, ordered to meet force with force, have stepped up patrols in cities and on waterways. The militants are intensifying a deadly guerrilla offensive, hoping that rising casualties and oil prices will force the government to negotiate. National elections in April could exacerbate the violence, especially if politicians resort to the practice of hiring youth gangs to deliver votes at gunpoint.

Optimism is as scarce as blue sky in the sodden delta. "Everyone was sure they would be blessed with the coming of the black gold and live as well as people in other parts of the world," said Patrick Amaopusanibo, a retired businessman who now farms near the village of Oloama. He had to speak loudly to compete with the "black noise," the hissing and roaring of a gas flare near his cassava field. "But we have nothing. I feel cheated."

In some parts of the Niger Delta, oil still looks like a miracle. In the run-down fishing village of Oweikorogba on the Nun River, where families of ten sleep in a single room under leaky thatch roofs, hope materialized a year ago in the form of Chinese prospectors. They left without finding oil, but the people of Oweikorogba want them back, confident that they'll find a pot of gold. And if a stranger warns these villagers that oil is a curse in Nigeria, they will look at him and say: "We want oil here. It will make everything better." □







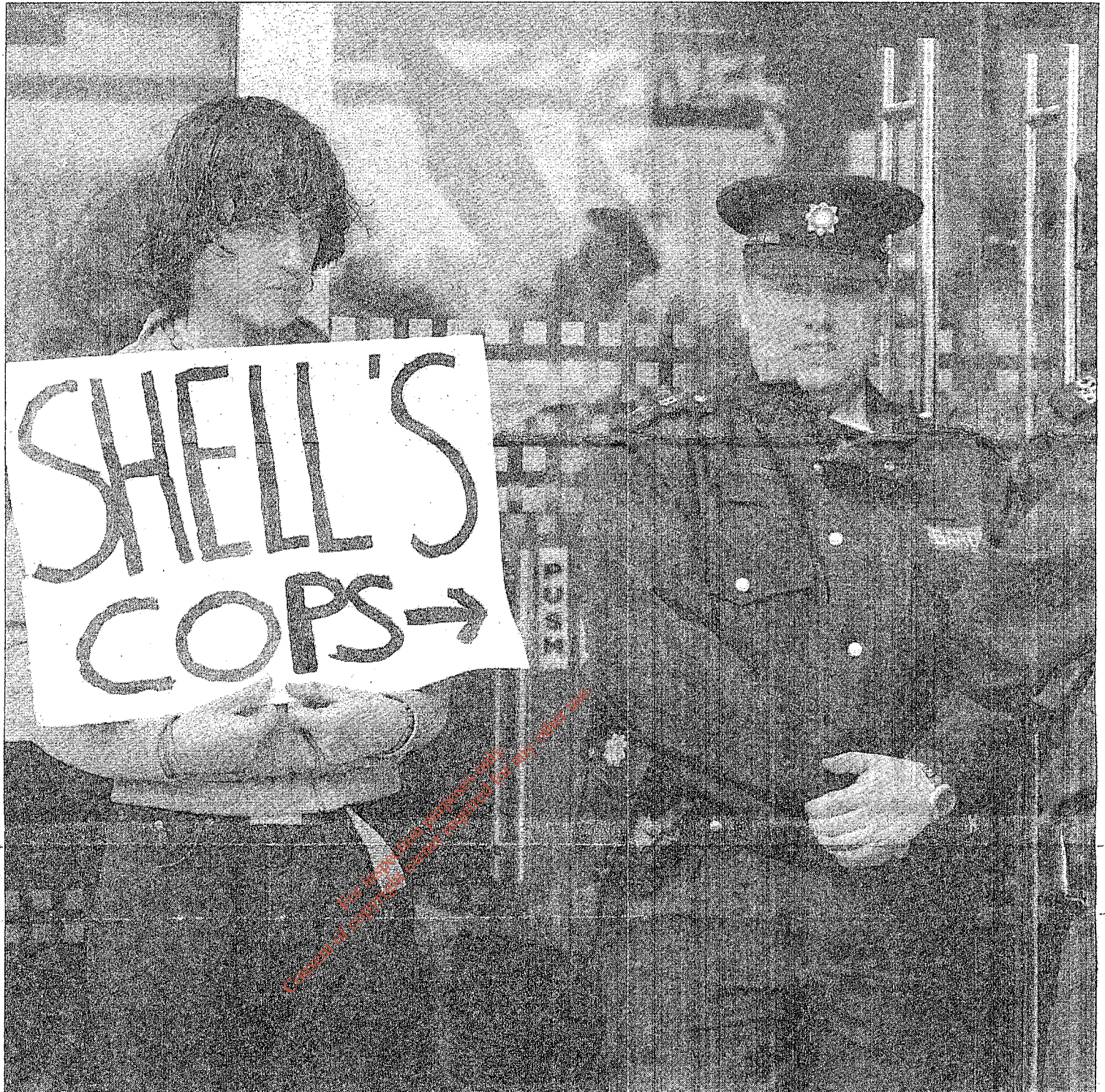
# CRUX OF CORRIB PROBLEM is a lack of real dialogue

*All the safety concerns around the Corrib project have been addressed*



Efforts to prevent the Corrib gas project proceeding are a challenge to our democracy, argues Terry Nolan of Shell, who appeals for dialogue

*Irish Times*  
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One often-cited argument against the plan to develop Corrib is that the gas should be processed using a platform at sea. The Corrib gas field will never be developed using an offshore platform. No reputable energy company would develop it as such and it is not an option

I returned to Ireland in May 2006 to take up the role of deputy managing director on the Corrib project. A native of Bagnalstown in Co Carlow, I was delighted to be coming home to Ireland, after working for 25 years around the world on oil and gas projects.

My vision is for Corrib to be developed as a modern and efficient gas project, operating to the very highest health and safety standards, supplying 60 per cent of Ireland's gas needs and recognised as being of strategic importance to this country.

My ambition is to have an operation managed and run mainly by Irish people, training professional staff in Co Mayo, supported by Shell's international organisation and global technical expertise.

Moreover, I have a vision of Shell being an accepted and welcome part of the local community. In countries such as Norway and the Netherlands, where I worked for eight years, the oil and gas industry is so well developed that local communities welcome oil and gas projects as they know the enormous benefits that these bring.

In the 1980s, I worked in the Netherlands on a project involving onshore oil and gas production. We had drilling rigs operating oil and gas fields in very close proximity to communities.

In one case we operated a sound-proofed drilling rig located between apartment blocks in a suburb of Rotterdam. The closest analogy I can think of would be operating a drilling rig between Dublin's Custom House and Liberty Hall. With careful community consultation we managed to operate successfully within that community for many years.

The Corrib gas field was discovered 10 years ago. Contrary to what is often stated, the composition of Corrib gas is not unique; it is a clean and relatively pure form of gas. The plan to bring Corrib gas ashore through a pipeline to an onshore processing plant is not unique. The technology being used is not

unique.

So, why has there been so much controversy?

The answer is that there is something unique about Corrib. A multinational company is developing a gas plant in an area that has no previous experience of the gas industry and has limited experience of industrial developments.

As engineers, we are conditioned to think in terms of science, of risk analysis, of process. We use terminology that is not accessible to everyone. This has contributed enormously to the lack of understanding and the genuine concerns that the Corrib gas project has created. We used numbers and technical vocabulary to tell our story – and we failed to reassure people.

However, this does not take away from the fact that the Corrib gas pipeline and project is safe. Independent studies have shown this to be true. The project has been through a rigorous planning and consents process.

The crux of the Corrib problem is not safety. Across the world there are more than 2,000 gas plants. Many of these are closer to houses and communities than the Corrib project is. All of the safety concerns around Corrib have been addressed – most recently through the Government-initiated independent safety review carried out by a UK-based company with extensive experience in this area.

In addition to this, following the

publication of Peter Cassells' mediation report, we agreed to move the pipeline to address some people's concern that the pipeline was too close to housing.

As citizens we put our faith in the government that we elect and the statutory bodies of the State. We all live with the decisions that they make. Failure to do so will undermine our democracy. The Corrib gas project has every necessary government and regulatory consent and planning permission.

One often-cited argument against the current plan to develop Corrib is that the gas should be processed using a platform out at sea. "Shell to Sea" is a catchy slogan but one with no substance. The Corrib gas field will never be developed using an offshore platform. It is less safe, less environmentally friendly and uneconomic. No reputable energy company would develop it as such and it is simply not an option.

Arguments about Ireland's natural resources cloud the debate. Pri-

vate exploration companies, such as Shell, have, over the years, spent €2 billion exploring unsuccessfully in Irish waters.

Over the past 30 years approximately 140 unsuccessful wells were drilled. Nowadays a single well costs between €20 million and €40 million to drill and the chances of success off Ireland's coast is less than 40 to 1.

Successive Irish governments, like many in Europe, have chosen to let private companies, such as Shell, bear the burden of this risk and cost rather than expose taxpayers to it.

The crux of the Corrib problem is mistrust and lack of real dialogue. Our communication with the community in Erris failed. For this we are responsible and have stated so publicly. Over the past year Shell has changed enormously. We have listened to concerns and have taken them on board. We are determined to proceed with legitimacy as well as legality on our side. We have learned from the past but we cannot

live in it.

The Corrib gas project is something that benefits us all – it will bring security of energy supply to the country, jobs to the local area and opportunities for our talented young people to develop their skills working on one of Ireland's most exciting engineering projects.

It will also show the world that such exciting projects can happen in Ireland and can benefit our children and our society.

No problem has ever been resolved without dialogue. I am available at any time and willing to engage with anyone – in particular I appeal to those who have genuine concerns to talk to us. I believe firmly that the local community and Shell can live together safely and in a mutually beneficial way.

But don't take my word for it – speak to other local communities in Norway and the Netherlands who live close to Shell-operated facilities. I am more than willing to facilitate this in any way I can.

*Terry Nolan is the Mayo-based deputy managing director of Shell Exploration & Production Ireland. He lives in Belmullet, close to the proposed gas terminal at Bellanaboy. An oil and gas industry veteran of 25 years experience, his previous assignment was as head of Shell's operations in Egypt, where he was responsible for four gas processing terminals and more than 1,000km of pipelines*

**The local community and Shell  
can live together safely and in  
a mutually beneficial way**