

Media Briefing



**Friends of
the Earth**

October 2004

Gas flaring in Nigeria

Nigeria's oil wealth has been exploited for more than 45 years. But while oil companies including Shell, ExxonMobil and TotalFinaElf, have profited from the resource, local communities in the oil rich but conflict-riven areas live with the daily pollution caused by non-stop gas flaring – where the gas associated with oil extraction is burnt off into the atmosphere. More gas is flared in Nigeria than anywhere else in the world – in western Europe 99 per cent of associated gas is used or re-injected into the ground. But in Nigeria, despite regulations introduced more than 20 years ago to outlaw the practice, most associated gas is flared, causing local pollution and contributing to climate change. This briefing looks at the background to gas flaring and the environmental and health risks.

Background

Nigeria is Africa's most populated country, with significant oil, and even more gas, reserves. Most of its oil and gas is exported, whilst most of its people live in poverty. Oil production began in the Niger Delta about 45 years ago and so did the practice of flaring associated gas. The waste involved in the practice, and the expected controversy, was recognised early on. Following the oil-fuelled 1967-1970 civil war, the industry developed via joint ventures with the government's Nigerian National Petroleum Corporation in which companies such as Shell, ExxonMobil, ChevronTexaco and TotalFinaElf are the operators, but hold minority interests.

The development of the oil industry continued during the 16 years Nigeria spent under military rule, and Nigeria has become a major source of oil for the developed world, currently supplying 10 per cent of Shell's global output. According to the CIA's World Factbook, the oil sector provides 20% of Nigeria's GDP, 95% of foreign exchange earnings, and about 65% of budgetary revenues. But Nigeria still ranks as one of the poorest 30 countries in the world, with 60 per cent of the population estimated to be living below the poverty line.

There is confusion over how much oil and associated gas is produced in Nigeria. The most recent and independent information source suggests that over 3.5 billion standard cubic feet (scf) of associated gas was produced in 2000, of which more than 70 per cent was burnt off, ie flared. As oil production has increased, Nigeria has become the world's biggest gas flarer, both proportionally and absolutely, with around 2 billion scf, perhaps 2.5 billion scf, a day being flared. This is equal to about 25 per cent of the UK's gas consumption. The single biggest flarer is the Shell Petroleum Development Company of Nigeria Ltd (SPDC).

A recent report estimates flaring to represent an annual economic loss to the country of about US \$2.5 billion.

The Environmental Impacts

According to the World Bank, by 2002 flaring in the country had contributed more greenhouse gases to the Earth's atmosphere than all other sources in sub-Saharan Africa combined – and yet this gas is not

Page 1

Contact: Press Office 020 7566 1649



Media contact 020 7566 1649 (24 hour) Fax 020 7490 0881 Email press@foe.co.uk Website www.foe.co.uk
Friends of the Earth Limited Registered in London No 1012357

26-28 Underwood Street London N1 7JQ

being used as a fuel. Nobody benefits from the energy it contains. As such, it is a serious but unnecessary contributor to climate change, the impacts of which are already being felt in the region with food insecurity, increasing risk of disease and the rising costs of extreme weather damage. Local communities living around the gas flares – and many are close to villages and agricultural land - rely on wood for fuel and candles for light.

The flares also contain widely-recognised toxins, such as benzene, which pollute the air. Local people complain of respiratory problems such as asthma and bronchitis. According to the US government, the flares contribute to acid rain and villagers complain of the rain corroding their buildings. The particles from the flares fill the air, covering everything with a fine layer of soot.

Local people also complain about the roaring noise and the intense heat from the flares. They live and work alongside the flares with no protection.

General flaring was made illegal under regulations in 1984, and only allowed in specific circumstances on a field-by-field basis pursuant to a ministerial certificate. None of these certificates have been made public. President Obasanjo has agreed to put back the 2004 “flares-out” deadline to 2008.

What needs to be done?

The flaring needs to end. This need is widely recognised and various commitments have been made to phase out the practice. However, several reasons have been put forward for continuing to flare, including economic, commercial and technological. A number of projects appear to be in place to use associated gas, including some from Shell. The “anchor” of Shell’s flare-out plans is the Bonny LNG plant, but this has used much less associated gas than promised. Shell has admitted having trouble in meeting the 2008 deadline.

The Royal Dutch Shell Group’s over-statement of its reserves is also a part of the picture. Nigerian reserves made up the largest single contribution to the Group’s recent reserves “re-categorisation”, and Shell’s concealment strategy to avoid disclosing the over-estimates to the Nigerian Government was based on increasing production, and so increasing flaring.

Friends of the Earth believes that gas flaring should end immediately – it violates the human rights of those living nearby. 2008 is much too late. Companies currently flaring gas in Nigeria should disclose the ministerial certificates which demonstrate they are entitled under the regulations to continue flaring.

Friends of the Earth is also campaigning as part of the CORE Coalition for changes to UK company law so that financial obligations on UK companies are counterbalanced by social and environmental concerns.

CORE believes the Government must introduce new legislation introducing:

- Mandatory reporting – requiring all UK companies to report annually on the impact of their operations, policies, products and procurement practices on people and the environment both in the UK and abroad
- New legal duties on directors – to take reasonable steps to reduce any significant negative social or environmental impacts
- Foreign direct liability – to enable affected communities abroad to seek redress in the UK for human rights and environmental abuses resulting directly from the operations, policies, products and procurement practices of UK companies or their overseas subsidiaries

These measures would require UK oil companies operating in Nigeria to report on the significant negative impacts of their business operations and would provide local communities affected by oil companies’ flaring operations with a statutory right to seek redress by bringing a case in the UK courts.

For more information see: www.corporate-responsibility.org
www.foe.co.uk/campaigns/climate