



**Dow Jones Risk & Compliance**

Date of Search : 05-Jan-2016 16:12:46 (05-Jan-2016 16:12:42 GMT)

Profile ID Number: 1118594

Record Type: Entity

**Names**

**Primary Name**

Name	Suffix
Royal Dutch Shell plc	

**Also Known As**

Royal Dutch Shell	
Royal Dutch Shell	PLC

**Country Details**

Country of Registration: United Kingdom

**Addresses**

Address	City	State	Zip Code	Country	URL
Carel van Bylandtlaan 30 Shell Centre	The Hague London	South Holland England	2596 HR SE1 7NA	Netherlands United Kingdom	<a href="http://www.shell.com/">http://www.shell.com/</a>

**Dates**

Type	
Date of Registration	05-Feb-2002

**Dow Jones Intelligent Indexing Industry**

Industry Name: Crude Petroleum Extraction

**ID Number Types**

Type	Number
Company Identification No.	04366849
DUNS Number	407888804
National Tax No.	NLOO47QOQQOB58

**List References**

Name	Since	To
Other Official Lists <a href="#">SEC - Administrative Proceedings</a>	04-Nov-2010	

GAO (US) Report on Exporters of Refined Petroleum Products to Iran		Sep-2010
GAO (US) Report on firms to have Engaged in Commercial Activities in Iran's Energy Sector	23-Mar-2010	03-Aug-2011
New Jersey Report to the Legislature regarding Investments in Iran - Prohibited List	01-Mar-2012	03-Mar-2014

### Close Associates/Related Entities

Name	Type	Relation
 Raízen Combustiveis SA	Entity	Asset
 A/S Dansk Shell	Entity	Subsidiary
 CRI Catalyst Company Belgium NV	Entity	Subsidiary
 Equilon Enterprises Limited Liability Company	Entity	Subsidiary
 Nederlandse Aardolie Maatschappij BV	Entity	Subsidiary
 Pilipinas Shell Petroleum Corporation	Entity	Subsidiary
 Shell Australia Limited	Entity	Subsidiary
 Shell Bulgaria Single Person Joint Stock Company	Entity	Subsidiary
 Shell Canada Limited	Entity	Subsidiary
 Shell Compañía Argentina De Petróleo SA	Entity	Subsidiary
 Shell E&P Ireland Limited	Entity	Subsidiary
 Shell Eastern Petroleum (Private) Limited	Entity	Subsidiary
 Shell Energy North America (US) L.P.	Entity	Subsidiary
 Shell Gabon SA	Entity	Subsidiary
 Shell Iraq Petroleum Development BV	Entity	Subsidiary
 Shell Martinez Refining Company	Entity	Subsidiary
 Shell Nederland Chemie BV	Entity	Subsidiary
 Shell Nigeria Exploration and Production Company	Entity	Subsidiary
 Shell Oil Company	Entity	Subsidiary
 Shell Philippines Exploration BV	Entity	Subsidiary
 Shell Pipeline Company LP	Entity	Subsidiary
 Shell Polska Sp. z o.o.	Entity	Subsidiary
 Swepi Limited Partnership	Entity	Subsidiary
 The Shell Petroleum Development Company of Nigeria Limited	Entity	Subsidiary
 Zip Airport Services Private Limited	Entity	Subsidiary

### DOW JONES | WATCHLIST

<b>Status:</b>	<b>Active</b>
<b>Category 1:</b>	<b>Special Interest Entity (SIE)</b>
<b>Category 2:</b>	<b>Enhanced Country Risk, Other Official Lists</b>

### Country Details

<b>Country of Affiliation</b>	Netherlands, United Kingdom
<b>Enhanced Risk Country</b>	Iran

### Company Details

<b>Address</b>	<b>City</b>	<b>Country</b>
	The Hague	Netherlands

**Profile Notes****GOVERNMENT ACCOUNTABILITY OFFICE (GAO) NOTES:**

07-Jan-14

Table 5: Foreign Firms That Open Sources Reported to Have Sold Refined Petroleum Products to Iran at Some Point between January 1, 2009, and November 7, 2013, and Comments about Their Current Status  
Status in GAO's current report: Withdrawn

Comments: There were no open source reports of the firm selling petroleum products to Iran during the time period of our current report.

07-Jan-14

Table 4: Foreign Firms That Open Sources Reported to Have Engaged in Commercial Activity in Iran's Energy Sector at Some Point between January 1, 2005, and November 7, 2013, and Comments about Their Current Status

Status in GAO's current report: Withdrawn

Comments: There were no open-source reports of the firm conducting commercial activity in Iran during the time period of our current report.

7-Dec-12

Status in GAO's March 2010 report: Active

Status in GAO's August 2011 report: Withdrawn

Status in GAO's current report: Withdrawn

Comments: There were no open source reports of the firm conducting commercial activity in Iran during the time period of our current report.

3-Aug-11

Sector: Natural Gas

2005-2009 status: Active

2010-2011 status: Withdrawn

23-Mar-10

Firm activity: Development of South Pars natural gas fields (also known as Persian LNG).

Status: Signed a framework agreement.

Commercial activity: 25% stake in project, with an estimated total cost of \$10 billion.

Firm comment: Confirmed signing a framework agreement. Stated that the agreement would give it a 50% share in development of South Pars phases and 25% share of liquefaction company. Stated that it has not yet decided whether to proceed.

**SECURITIES AND EXCHANGE COMMISSION NOTES:**

SECURITIES EXCHANGE ACT OF 1934

Release No. 63243 / November 4, 2010

ACCOUNTING AND AUDITING ENFORCEMENT

Release No. 3204 / November 4, 2010

ADMINISTRATIVE PROCEEDING

File No. 3-14107

Order Instituting Cease-And-Desist Proceedings Pursuant To Section 21c Of The Securities Exchange Act Of 1934, Making Findings, And Imposing Sanctions And A Cease-And-Desist Order

The Securities and Exchange Commission ("Commission") deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 21C of the Securities Exchange Act of 1934 ("Exchange Act") against Royal Dutch Shell plc, ("Respondent Shell") and against Shell International Exploration and Production Inc. ("Respondent SIEP").

**Sources**

<http://www.sec.gov/litigation/admin.shtml>

<http://www.gao.gov/new.items/d11855r.pdf>  
[http://www.state.nj.us/treasury/doinvest/pdf/Iran\\_Progress\\_Report\\_March\\_2013.pdf](http://www.state.nj.us/treasury/doinvest/pdf/Iran_Progress_Report_March_2013.pdf)  
<http://www.gao.gov/assets/670/660030.pdf>  
<http://www.gao.gov/>  
<http://www.sec.gov/litigation/admin/2010/34-63243.pdf>  
<http://www.gao.gov/assets/660/650645.pdf>  
<http://www.state.nj.us/treasury/doinvest/pdf/Iran-Progress-Report-March-2012.pdf>  
<http://www.gao.gov/new.items/d10515r.pdf>  
[http://www.state.nj.us/treasury/doinvest/pdf/index/Iran\\_Progress\\_Report.pdf](http://www.state.nj.us/treasury/doinvest/pdf/index/Iran_Progress_Report.pdf)  
<http://www.gao.gov/assets/670/660030.pdf>  
<http://www.state.nj.us/treasury/doinvest/>  
<http://www.gao.gov/assets/670/667906.pdf>

Last Reviewed Date:

05-Jan-2016

**DOW JONES | ADVERSE MEDIA**

**Status:** Active  
**Category 1:** Special Interest Entity (SIE)  
**Category 2:** Competitive/Financial, Environment/Production, Regulatory, Social/Labour  
**Category 3:** Anti-Competitive Issues, Management Issues, Ownership Issues, Environmental Issues, Product/Service Issues, Production/Supply Chain Issues, Corruption Issues, Fraud Issues, Regulatory Issues, Sanctions, Discrimination/Workforce Rights Issues, Human Rights Issues, Workforce Disputes, Workplace Health/Safety Issues

**Details**

Item	Categories Reported	Government Action	Sources	Source Date	Source Language
1	Environment/Production, Production/Supply Chain Issues	No	Associated Press Newswires	17-Aug-2013	English
2	Environment/Production, Environmental Issues	Yes	Associated Press Newswires	06-Sep-2013	English
3	Competitive/Financial, Anti-Competitive Issues	Yes	Oils and Fats International	30-Jul-2013	English
	Regulatory, Regulatory Issues	Yes			
4	Environment/Production, Product/Service Issues	Yes	Platts Oilgram News	28-Aug-2013	English
5	Environment/Production, Production/Supply Chain Issues	No	IHS Global Insight Daily Analysis	25-Sep-2013	English
6	Environment/Production, Production/Supply Chain Issues	No	DJ em Portuguese	04-Oct-2013	Portuguese
7	Environment/Production, Production/Supply Chain Issues	No	Dow Jones Top Energy Stories	09-Oct-2013	English
8	Social/Labour, Workplace Health/Safety Issues	No	The Globe and Mail	03-Jan-2013	English
9	Social/Labour, Human Rights Issues	Yes	Agence France Presse	17-Apr-2013	French
			International Oil Daily	03-Oct-2012	English
10	Environment/Production, Environmental Issues	Yes	All Africa	26-Jul-2013	English
			Environment News Service	30-Jan-2013	English
			Middle East North	18-Dec-2015	English

			Africa Financial Network (MENAFN)		
			Xinhua News Agency	25-Jan-2013	English
11	Regulatory, Corruption Issues	Unknown	Dow Jones News Service	22-Feb-2013	English
12	Social/Labour, Human Rights Issues	Yes	International New York Times	31-Jan-2013	English
13	Regulatory, Fraud Issues	No	NYT Blogs	04-Feb-2013	English
			The Economic Times - Bangalore Edition	01-Oct-2015	English
			The Wall Street Journal (Asia Edition)	20-Nov-2014	English
14	Competitive/Financial, Anti-Competitive Issues	Yes	The Wall Street Journal Europe	15-May-2013	English
15	Environment/Production, Environmental Issues	No	NoticiasFinancieras	24-Jan-2013	English
16	Environment/Production, Environmental Issues	Yes	Dow Jones Business News	10-Jul-2013	English
17	Environment/Production, Production/Supply Chain Issues	No	Dow Jones Top Energy Stories	12-Jul-2013	English
18	Regulatory, Regulatory Issues	Yes	Federal Register	16-Jul-2013	English
19	Environment/Production, Production/Supply Chain Issues	No	Platts Commodity News	16-Jul-2013	English
20	Environment/Production, Product/Service Issues	Yes	All Africa	19-Feb-2014	English
	Regulatory, Corruption Issues	Yes	All Africa	25-Jul-2013	English
21	Environment/Production, Environmental Issues	Yes	The London Free Press	25-Jul-2013	English
22	Environment/Production, Product/Service Issues	No	Oil and Gas News	17-Feb-2014	English
23	Regulatory, Fraud Issues	Yes	Agence France Presse	07-Nov-2013	English
24	Competitive/Financial, Anti-Competitive Issues	Yes	Norsk Telegrambyra	06-Nov-2013	Norwegian
			The Daily Telegraph	07-Nov-2013	English
25	Environment/Production, Environmental Issues	Unknown	All Africa	07-Nov-2013	English
26	Environment/Production, Production/Supply Chain Issues	No	The Wall Street Journal Online	08-Nov-2013	English
	Environment/Production, Environmental Issues	No			
27	Competitive/Financial, Anti-Competitive Issues	Yes	Domain-B	02-Mar-2013	English
28	Environment/Production, Production/Supply Chain Issues	No	International Oil Daily	26-Nov-2013	English
29	Regulatory, Regulatory Issues	Yes	The Press and Journal	19-Dec-2013	English
30	Environment/Production, Production/Supply Chain	No	Platts Commodity News	05-Feb-2013	English

	Issues				
31	Environment/Production, Environmental Issues	Yes	Dayton Daily News	16-Feb-2014	English
32	Environment/Production, Environmental Issues	Yes	Die Welt	13-Mar-2013	English
33	Environment/Production, Product/Service Issues	Yes	CNN Wire	24-Jan-2014	English
			Deutsche Welle	08-Oct-2015	English
34	Regulatory, Regulatory Issues	Yes	The Press and Journal	07-Feb-2014	English
	Social/Labour, Workplace Health/Safety Issues	Yes			
35	Environment/Production, Production/Supply Chain Issues	No	Dow Jones Institutional News	27-Feb-2014	English
	Environment/Production, Environmental Issues	No	Dow Jones Institutional News	27-Feb-2014	English
36	Environment/Production, Production/Supply Chain Issues	No	Dow Jones Institutional News	08-Mar-2014	English
	Environment/Production, Environmental Issues	No	Dow Jones Institutional News	08-Mar-2014	English
37	Environment/Production, Environmental Issues	Yes	Dow Jones Top Energy Stories	07-Mar-2014	English
	Regulatory, Regulatory Issues	Yes			
38	Environment/Production, Production/Supply Chain Issues	No	Dow Jones Institutional News	17-Mar-2014	English
			Dow Jones Top News & Commentary	12-Jun-2014	English
			The Oil Daily	28-Mar-2014	English
39	Environment/Production, Product/Service Issues	Yes	Kodiak Daily Mirror	08-Apr-2014	English
			The Wall Street Journal Online	29-May-2015	English
40	Social/Labour, Workplace Health/Safety Issues	No	Chimie Pharma Hebdo	18-Mar-2013	English
41	Environment/Production, Environmental Issues	Yes	NewsManagers	15-Oct-2013	English
42	Environment/Production, Environmental Issues	Yes	Energy Monitor Worldwide	11-Oct-2014	English
43	Regulatory, Fraud Issues	Yes	All Africa	15-May-2014	English
44	Competitive/Financial, Anti-Competitive Issues	Yes	Dow Jones Newswires Dutch	27-May-2013	Dutch
45	Environment/Production, Product/Service Issues	Yes	Kyodo News	20-May-2014	English
46	Environment/Production, Product/Service Issues	No	The Daily Express	04-Jun-2014	English
47	Environment/Production, Environmental Issues	Yes	Al Jazeera English	04-Aug-2014	English
			Middle East North Africa Financial Network (MENAFN)	22-Jun-2014	English
			The Wall Street Journal Online	07-Jan-2015	English
48	Regulatory, Regulatory Issues	Yes	Energy Monitor Worldwide	19-Jun-2014	English
49	Environment/Production, Environmental Issues	Yes	Energy Monitor Worldwide	24-Jun-2014	English
50	Regulatory, Regulatory	Yes	AE Conjuntura e	04-Jun-2014	Portuguese

	Issues		Finanças		
	Competitive/Financial, Anti-Competitive Issues	Yes			
51	Environment/Production, Production/Supply Chain Issues	No	Dow Jones Institutional News	12-Jun-2014	English
52	Social/Labour, Workplace Health/Safety Issues	Yes	Oil and Gas News	07-Jul-2014	English
53	Competitive/Financial, Anti-Competitive Issues	Yes			
	Competitive/Financial, Management Issues	Yes			
	Regulatory, Fraud Issues	Yes	Esmerk Latin American News	04-Jul-2014	English
54	Environment/Production, Product/Service Issues	No	Agence France Presse	24-Jul-2014	English
55	Environment/Production, Environmental Issues	No	Agence France Presse	28-Sep-2015	English
			Associated Press Newswires	09-Oct-2014	English
			Bristol Bay Times & Dutch Harbor Fisherman	05-Jun-2015	English
			Hamburger Abendblatt	22-Jul-2013	German
			news aktuell OTS - Originaltextservice	11-Jul-2013	German
			NGI's Daily Gas Price Index	18-Aug-2015	English
			Sputnik News Service	18-May-2015	English
			StockWatch	16-May-2015	English
			The Guardian	29-Jul-2015	English
			The Las Vegas Review-Journal	10-Jun-2015	English
			The Mercury	03-Sep-2015	English
			The Oil Daily	23-Jul-2015	English
56	Environment/Production, Environmental Issues	No	All Africa	03-Nov-2015	English
			International Oil Daily	11-Aug-2014	English
			RTT News	13-Nov-2014	English
57	Environment/Production, Environmental Issues	No	Kölner Stadtanzeiger	09-Aug-2013	German
58	Environment/Production, Product/Service Issues	No	International Oil Daily	07-Aug-2014	English
59	Competitive/Financial, Ownership Issues	No	The Wall Street Journal (Asia Edition)	04-Aug-2014	English
60	Regulatory, Regulatory Issues	Yes	Seoul Economy	07-Mar-2014	Korean
61	Environment/Production, Environmental Issues	Yes	Platts Commodity News	25-Sep-2014	English
	Environment/Production, Product/Service Issues	Yes			
62	Environment/Production, Product/Service Issues	Yes	Alaska Journal of Commerce (Abstracts)	10-Aug-2014	English
63	Environment/Production, Environmental Issues	Yes	General Anzeiger	23-May-2014	German

64	Environment/Production, Production/Supply Chain Issues	No	Investor's Business Daily	03-Oct-2014	English
	Regulatory, Sanctions	No			
65	Regulatory, Regulatory Issues	Yes	Xinhua News Agency	22-Oct-2014	English
66	Social/Labour, Workplace Health/Safety Issues	No	Dow Jones Institutional News	11-Nov-2014	English
	Environment/Production, Product/Service Issues	No			
67	Environment/Production, Environmental Issues	Yes	Upstream	15-Nov-2014	English
68	Environment/Production, Environmental Issues	Yes	Euronews	27-Nov-2014	English
69	Competitive/Financial, Anti-Competitive Issues	Yes	AE Conjuntura e Finanças	24-Jan-2014	Portuguese
70	Environment/Production, Production/Supply Chain Issues	No	Platts Commodity News	16-Apr-2014	English
71	Environment/Production, Environmental Issues	No	Agencia EFE - Servicio Internacional	05-Aug-2014	Spanish
			Waikato Times	30-Sep-2015	English
72	Regulatory, Regulatory Issues	Yes	The News International	25-Jan-2015	English
73	Social/Labour, Workforce Disputes	No	Dow Jones Institutional News	03-Feb-2015	English
			Sputnik News Service	01-Feb-2015	English
74	Environment/Production, Environmental Issues	No	The Times	03-Feb-2015	English
75	Social/Labour, Workplace Health/Safety Issues	Yes	Scottish Daily Record	12-Feb-2015	English
76	Social/Labour, Discrimination/Workforce Rights Issues	Yes	Thai News Service	19-Mar-2015	English
			The Wall Street Journal Online	04-Mar-2015	English
77	Environment/Production, Environmental Issues	No	Mehr News Agency	08-Apr-2015	English
78	Regulatory, Regulatory Issues	Yes	Associated Press Newswires	28-Apr-2015	English
79	Environment/Production, Product/Service Issues	Yes	Energy Intelligence Finance	01-Apr-2015	English
80	Environment/Production, Environmental Issues	No	Pittsburgh Business Times Online	06-May-2015	English
81	Environment/Production, Environmental Issues	No	Agence France Presse	07-May-2015	English
	Environment/Production, Production/Supply Chain Issues				
82	Environment/Production, Environmental Issues	No	All Africa	17-Dec-2014	French
83	Environment/Production, Environmental Issues	No	Agence France Presse	18-Nov-2014	Portuguese
84	Regulatory, Regulatory Issues	Yes	Houston Chronicle	24-Jun-2015	English
85	Social/Labour, Workplace Health/Safety Issues	Yes	The Canadian Press	19-Jun-2015	English
86	Environment/Production, Environmental Issues	Yes	FARS News Agency	05-Dec-2014	English



87	Regulatory, Regulatory Issues	Yes	LNG Intelligence	03-Jun-2015	English
88	Environment/Production, Product/Service Issues	No	Dow Jones Top Global Market Stories	11-Jun-2015	English
89	Environment/Production, Environmental Issues	No	LiveNews.co.nz	16-Jul-2015	English
			Ritzau General News Service	07-Dec-2014	Danish
90	Environment/Production, Production/Supply Chain Issues	No	PANAPRESS - Pan African News Agency	17-Jun-2015	English
91	Environment/Production, Production/Supply Chain Issues	No	Agence France Presse ECOFI	10-Dec-2014	French
92	Environment/Production, Product/Service Issues	Yes	APS Review Downstream Trends	20-Jul-2015	English
93	Environment/Production, Environmental Issues	Yes	SNL Daily Gas Report	27-Aug-2015	English
94	Environment/Production, Environmental Issues	No	Dow Jones Top News & Commentary	17-Sep-2015	English
95	Competitive/Financial, Anti-Competitive Issues	Yes	Dalby Herald	22-Sep-2015	English
			Dow Jones Top News & Commentary	18-Nov-2015	English
	Competitive/Financial, Ownership Issues	No	The Times	24-Nov-2015	English
96	Environment/Production, Environmental Issues	Yes	Agence France Presse	01-Oct-2015	English
	Environment/Production, Production/Supply Chain Issues				
97	Regulatory, Regulatory Issues	Yes	Energy Intelligence Finance	09-Sep-2015	English
	Environment/Production, Product/Service Issues				
98	Regulatory, Regulatory Issues	Yes	Agencia EFE - Servicio Internacional O Globo	12-Mar-2012	Spanish
	Competitive/Financial, Anti-Competitive Issues			17-Jan-2012	Portuguese
99	Regulatory, Fraud Issues	Yes	Dow Jones Institutional News	03-Nov-2015	English
100	Environment/Production, Production/Supply Chain Issues	No	Agentschap Belga	03-Nov-2015	Dutch
101	Environment/Production, Environmental Issues	No	Agence France Presse ECOFI	03-Nov-2015	French
102	Environment/Production, Production/Supply Chain Issues	No	DJ em Portuguese	22-Oct-2012	Portuguese
103	Regulatory, Fraud Issues	Yes	All Africa	19-Dec-2015	English

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## Sources

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APS Review Downstream Trends, 20-Jul-2015, on Factiva.com (AN=APSD000020150806eb7k00001)

NGI's Daily Gas Price Index, 18-Aug-2015, on Factiva.com (AN=NGID000020150819eb8i00002)

SNL Daily Gas Report, 27-Aug-2015, on Factiva.com (AN=DGR0000020150828eb8r00002)

The Mercury, 03-Sep-2015, on Factiva.com (AN=MERCRY0020150903eb930000r)

Federal Register, 16-Jul-2013, on Factiva.com (AN=FREG000020130716e97g0002a)

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Dow Jones Institutional News, 08-Mar-2014, on Factiva.com (AN=DJDN000020140307ea37002x2)

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All Africa, 26-Jul-2013, on Factiva.com (AN=AFNWS00020130726e97q0015z)

Environment News Service, 30-Jan-2013, on Factiva.com (AN=ENEWS00020130901e91u0000i)

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All Africa, 07-Nov-2013, on Factiva.com (AN=AFNWS00020131107e9b70009t)

AE Conjuntura e Finanças (Portuguese Language), 04-Jun-2014, on Factiva.com (AN=AECOFI0020140604ea640050l)

Dow Jones Institutional News, 17-Mar-2014, on Factiva.com (AN=DJDN000020140317ea3h001uv)

All Africa (French Language), 17-Dec-2014, on Factiva.com (AN=AFNWSF0020141217each000ch)

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The Press and Journal (Scotland), 07-Feb-2014, on Factiva.com (AN=FABP000020140207ea270002u)  
Kodiak Daily Mirror, 08-Apr-2014, on Factiva.com (AN=KODIAK0020140408ea4800003)  
Dow Jones Top Energy Stories, 12-Jul-2013, on Factiva.com (AN=DJTES11020130712e97c00003)  
Seoul Economy (Korean Language), 07-Mar-2014, on Factiva.com (AN=HAKSOL0020140307ea37002h9)  
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The Wall Street Journal Online, 29-May-2015, on Factiva.com (AN=WSJO000020150528eb5s009vn)  
Platts Commodity News, 05-Feb-2013, on Factiva.com (AN=PLATT00020130205e9250015r)  
The Wall Street Journal Online, 04-Mar-2015, on Factiva.com (AN=WSJO000020150304eb340093t)  
Xinhua News Agency, 22-Oct-2014, on Factiva.com (AN=XNEWS00020141022eaam003ju)  
Al Jazeera English, 04-Aug-2014, on Factiva.com (AN=AJAZEN0020140804ea8400007)  
Associated Press Newswires, 28-Apr-2015, on Factiva.com (AN=APRS000020150428eb4s000ph)  
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**Last Reviewed Date:**

**05-Jan-2016**

- September 2015: Shell and Exxon were ordered to pay compensation to homeowners over the fall in the value of their homes due to seismic activity around the Groeningen gas field. The two companies operated the field through a joint venture called Nederlandse Aardolie Maatschappij (NAM), had already put aside \$1.4 billion (£920 million) to compensate 900 homeowners and 12 housing associations.<sup>i</sup>
- September 2015: A Shell oil spill on the Niger delta was at least 60 times greater than the company reported at the time, according to unpublished documents obtained by Amnesty International. According to Shell, the 2008 spill from a faulty weld on a pipeline resulted in 1,640 barrels of oil being spilt into the creeks near the town of Bodo in Ogoniland. The figure was based on an assessment agreed at the time by the company, the government oil spill agency, the Nigerian oil regulator and a representative of the community.<sup>ii</sup>
- June 2015: A coalition of environmentalists and Alaska-based community groups filed a lawsuit Tuesday challenging the Obama administration's decision to approve Shell's broad plan for exploratory oil drilling in the Arctic this summer. Faith Gemmill, executive director of the group Resisting Environmental Destruction on Indigenous Lands, argued that Shell's proposed drilling poses a particular threat to Native Alaskans who fish and hunt in the Chukchi Sea. Earthjustice filed the lawsuit on behalf of Redoil, the Alaska Wilderness League, the Wilderness Society and other groups. Although Shell still needs drilling permits and other government authorizations, the ocean energy bureau's approval of its exploration plan was a significant milestone.<sup>iii</sup>
- April 2015: Six Greenpeace activists camped out on one of Shell's chosen Arctic drilling rigs and the prospect of more protests all along the company's path to new exploratory oil drilling in the Chukchi Sea, the company is asking U.S. courts to block the activity.<sup>iv</sup>
- January 2015: Royal Dutch Shell PLC agreed to pay about \$80 million to compensate a Nigerian fishing community for two oil-pipeline spills in 2008 and 2009, in one of the largest environmental payouts in the African country. The out-of-court settlement comes after an often-acrimonious legal battle in which fishermen and tribal elders of the Bodo community in the Niger Delta had demanded restitution for loss of livelihood caused when a broken Shell pipeline gushed tens of thousands of barrels of oil into the creeks and swampy mangrove forests where residents fish and get water. The case involves two spills along the Trans Niger Pipeline, operated by Shell, which takes oil from its fields to the export terminal on the coast. It carries about 150,000 barrels of oil a day. Bodo residents say oil seeped into their local waterways for weeks because of these two spills. In August 2011, Shell admitted liability for the spills, but it disputed the extent of the damage. The company's Nigerian division originally offered the community total compensation of GBP 4,000, or about \$6,050. The compensation deal was reached before Christmas, but Mr. Day needed to spend weeks overcoming a major logistical challenge: coaxing retail banks to come to the remote village so the claimants could open bank accounts into which the settlement could be paid. Each of the claimants will receive \$3,300, Mr. Day said. The remaining \$30 million from the settlement will be set up in a community escrow fund for local development projects. Shell said it is now committed to starting a cleanup process of the area.<sup>v</sup> Some £35 million will be paid to 15,600 fishermen, who will each receive £2,200 in their bank accounts in the next few weeks, about seven times their average salary. Shell will also pay £20 million to the community.<sup>vi</sup>
- July 2013: Royal Dutch Shell PLC reached a deal with regulators to pay a \$2.6 million fine and spend at least \$115 million at its Deer Park, Texas, refinery. BP PLC in 2012 agreed to pay an \$8 million fine and spend more than \$400 million on new equipment at its refinery in Whiting, Ind

to improve air quality from emissions.<sup>vii</sup> The groups sued Shell in 2008, alleging that its Deer Park refinery had more than 1,000 upsets over a five-year period, releasing roughly 5 million pounds of pollutants into the air, including toxic chemicals benzene and 1,3-butadiene.<sup>viii</sup>

- March 2013: The Brazilian units of Royal Dutch Shell PLC and Germany's BASF have agreed to pay about 420 million Brazilian reais (\$214 million) in a proposed settlement in a lawsuit over suspected contamination at a now-shuttered pesticide plant, the prosecutor's office and court officials said Wednesday. The initiative reportedly presented a good opportunity to end the court dispute, which was opened in 2007 when workers filed a court case following the discovery of low concentrations of a pesticide chemical in ground water and soil around the site of the Paulinia facility in the 1990s.<sup>ix</sup>
- 2011-Present: Shell has come under repeated pressure to stop its plan to drill for oil of Alaska's Arctic coast on environmental grounds, specifically that it will cause harm to Alaska's Native American fishing communities. Shell were initially permission to pursue drilling activities in the region by Obama's administration in 2011, but has since come under repeated protests and legal proceedings filed by environmental groups.<sup>x</sup>
- January 2011: Royal Dutch Shell executives defended their much-criticized operation in the Niger Delta before Dutch lawmakers on Wednesday but said the company will not pay compensation for pollution caused by sabotage and vowed to fight a \$100 million fine imposed by a Nigerian court for a 40-year-old oil spill.<sup>xi</sup>
- January 2011: Royal Dutch Shell PLC and six other companies agreed to pay a combined \$236 million to settle allegations that they or their contractors bribed foreign officials to smooth the way for importing equipment and materials into several countries. Shell, which admitted it approved or condoned bribes and improperly recorded them as a business expense, agreed to settle criminal and civil allegations and at the time said it cooperated with the probe and disciplined or fired staff tied to the charges.<sup>xii</sup>
- December 2010: U.S. authorities accused the oil firm of bribing Nigerian customs officials with \$3.5 million to quickly process needed equipment for its offshore Bonga field. That field can provide Shell and its partner, the state-run Nigerian National Petroleum Corp., with 225,000 barrels of oil and 150 million cubic feet of natural gas a day. As part of a U.S. plea deal, Shell agreed to relinquish about \$18 million in profits and interest. In addition, Shell Nigerian Exploration and Production Co. agreed to pay a \$30 million criminal fine.<sup>xiii</sup>
- June 2009: Royal Dutch Shell PLC agreed Monday to pay \$15.5 million to settle a lawsuit over the 1995 deaths of Nigerian author and activist Ken Saro-Wiwa and others.<sup>xiv</sup>
- June 2009: Thousands of shareholders are now able to claim compensation from Royal Dutch Shell for the 2004 scandal in which the company overstated oil reserves, leading to a pounds 17m fine by the Financial Services Authority and the ousting of the group's then chairman, Sir Philip Watts.
- A decision in the Amsterdam court of appeal on Friday has cleared the way for \$352.6m (pounds 218.5m) in compensation to be paid out to non-US shareholders. The court's verdict follows a hearing in November and shareholders believe it is an important step in avoiding US-style class-action suits. The Dutch settlement is not the result of litigation but part of a collaborative approach agreed and supported by both Royal Dutch Shell and European institutional investors and pension funds. It is being conducted in the Netherlands, where Shell is headquartered, and takes place under Dutch collective settlement arrangements introduced in 2005. The proposed settlement will cover 9.5% to 12.8% of estimated damages - a larger amount than is often

achieved by US class-action lawsuits. The payout for investors has been on the cards since 2007 when Shell promised to offer compensation "without admitting any wrongdoing". It has already set aside pounds 250m in its accounts for investor compensation.<sup>xv</sup>

- March 2007: Royal Dutch Shell has agreed to pay \$80million (Pounds 39.8million) to settle an American class action lawsuit related to a 2004 downgrade of the oil giant's reserves. Shell said that it had reached an agreement in principle with two pension funds, the Pennsylvania State Employees' Retirement System and the Pennsylvania Public School Employees' Retirement System. They had begun litigation after accusations that Shell had misled investors for years by overstating its reserves of oil and gas. Shell added that the agreement would serve as a model for other US claims from investors who had bought shares between April 1999 and March 2004. The agreement, which still needs to be approved by the US District Court of New Jersey, represents the same payout per share as agreed with another Anglo Dutch group of investors last year, worth \$353million.<sup>xvi</sup> Royal Dutch Shell PLC agreed to pay about \$118 million to settle claims regarding its energy reserves. Under the proposed settlement, the U.S. shareholders would receive a base amount of \$82.9 million, proportional to the amount payable to the plaintiffs in the Dutch settlement announced last year. The plaintiffs in the U.S. and Dutch cases collectively would also receive an additional payment of \$35 million. European plaintiffs would get \$28.3 million, while the U.S. plaintiffs would receive \$6.7 million.<sup>xvii</sup> Shell is to pay European investors \$353m (£177m) in compensation over the reserves overbooking scandal that hit the oil giant in 2004. Shell also paid \$90m to settle a lawsuit brought by employee shareholders in 2005. The total paid by Shell over the reserves scandal will be close to \$700m in fines and compensation. Last year, the company claimed it would "vigorously defend itself" against the European claim settled yesterday, which was first filed in the US courts, but later in the year Shell took a \$500m charge against potential claim payouts.<sup>xviii</sup>
- November 2006: Russia has threatened to sue Shell for billions of dollars over alleged environmental violations at its vast Sakhalin-2 oil and gas development. Ratcheting up pressure on the Anglo-Dutch company, Oleg Mitvol, deputy head of environmental watchdog Rosprirodnadzor said it might even call for the project to be scrapped. An environmental permit granted to Shell for the project by the natural resources ministry in 2003 was revoked at the end of September. Mr Mitvol has estimated that putting right damage allegedly caused by Shell on Sakhalin Island in the Russian far east could cost up to \$50bn. A Rosprirodnadzor source told Interfax the lawsuit would concern environmental destruction during the project's implementation, compensation for lost benefits to Russia and the concealment of important information by contractors. Shell has consistently denied causing large-scale damage to nature, insisting that "successful delivery of this strategic project for Russia goes hand in hand with preservation of the environment". Moscow is angry that Shell almost doubled the projected cost of Sakhalin-2 last year. Under a production sharing agreement Shell can recover its costs before sharing profits with the government.<sup>xix</sup>
- August 2004: the parliament of Nigeria has resolved to try to force the Anglo-Dutch oil giant's Nigerian unit to pay \$1.5 billion (1.24 billion euros) to a local tribe in compensation for alleged health problems caused by its oil operations. Nigeria's senate Tuesday agreed to direct Shell Petroleum Development Co. of Nigeria, known as SPDC, to pay the money to the Ijaw people of the Niger Delta, for allegedly causing health problems and environmental damage during the nearly 50 years it has been producing oil in the area. The resolution is the latest in a string of troubles for Shell in the West African nation, which accounts for roughly 8% of the company's

daily world-wide production of nearly 4 million barrels of oil-equivalent a day. In June, Shell admitted its activities sometimes contribute to violent conflict in Nigeria. The company also faces a continuing lawsuit filed by U.S. lawyers in 2002, on behalf of the Niger Delta's Ogoni people, alleging Shell provided logistical assistance to the Nigerian military in suppressing violent protests in the early 1990s.<sup>xx</sup>

- August 2002: The oil giant Shell has agreed to pay \$28m (£18.3m) compensation to settle a 10-month-long trial for polluting Californian drinking water with a toxic petrol additive.

\*\* <https://djrc.dowjones.com/FDKSearchData.aspx?ViewAs=FULL&ArticleID=AFNWS00020151219ebcj0000c&ValidatorId=12ae9321-8344-4437-ac9c-2ca5cb13b609>

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2014: New York/Washington, May 15, 2014 (AlertNet/All Africa Global Media via COMTEX) -- Oil companies have paid \$3 billion over the past 15 years to resolve a range of charges including that they regularly cheated the U.S. government and Native American communities out of royalties on oil and gas leases, raising concerns they use similar techniques to rob citizens in poor countries of resource wealth.

Royal Dutch Shell plc and Exxon Mobile Corp. are among the energy companies that have paid penalties and back payments on their U.S. energy leases and settled lawsuits accusing them of fraudulently underestimating the value of oil and gas to lower their royalty payments, research by Thomson Reuters Foundation shows. Over two-thirds of the money, or \$2.221 billion, was from audits conducted by ONRR to check whether royalties were accurately calculated. It did not have the data available broken down by company. In the cases brought by the Department of Justice under the False Claims Act, six of the world's 10 largest oil companies based on revenues accounted for 75 percent of the \$739.2 million in settlements, including \$168 million paid by Shell and \$84 million by Exxon.

Shell said in an email that it believes it complied with its royalty obligations but it settled to avoid costly and time-consuming litigation, adding that it believes in transparency. Exxon said it disagrees with any suggestion it deliberately under-reported the value of resources. A different type of corruption involving Shell came to light in 2012 when a high court judge in London ruled that when Shell subsidiaries and the Italian oil giant Eni paid Nigeria \$1.3 billion for an oil block in 2011, the majority of the money went to its former oil minister instead of public coffers. When Wright died, the Justice Department continued the suit. Shell and ExxonMobil companies agreed to pay \$110 million in 2001 and \$32.2 million in 2010, respectively, to settle claims that they knowingly underpaid royalties to the federal government. For example, Shell Oil agreed in 2000 to pay the federal government \$56 million for underpayment of gas royalties in the Gulf of Mexico, and a court upheld in 2009 a \$66.8 million jury award against Shell for fraud and breach of fiduciary duty over an Oklahoma oil field lease.

Shell also is listed by the Office of Natural Resources Revenue for paying its largest civil penalty, \$21.8 million, for knowingly submitting false and misleading data about oil and gas extracted at its Augur platform in the Gulf of Mexico in the

1990s. <https://djrc.dowjones.com/FDKSearchData.aspx?ViewAs=FULL&ArticleID=AFNWS00020140515ea5f00wn&ValidatorId=494fda75-3026-4929-8a21-01e42eb13940>

2014: (MENAFN) Royal Dutch Shell decided to pay USD51 million compensations for two oil spills in Nigeria in 2008, but lawyers said that it could pay more than that after London court ruled it could be liable for damage,



The Peninsula Qatar reported.

A total of 15,000 residents of the Bodo community in the Niger Delta represented by law firm Leigh Day appealed in 2011 to a London court for more than USD406.14 million in compensation.

Claimants say that the two spills resulted in the leakage of 500,000 barrels of oil but Shell estimated the volume at around 4,000 barrels. Shell has already offered some compensation for the spills.

In a preliminary hearing ahead of a trial which will take place in May 2015, the London high court ruled that Shell's Nigerian subsidiary could be liable if it were proven that it did not take reasonable steps to protect and maintain the pipeline from thefts which have plagued the key African oil producer.

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- 2010: Fined £14,153,536 plus an additional £3,995,923 in interest for anti-bribery practices and failing to keep proper accounts. Shell was found to have delivered \$3.5m to officials at the Nigerian Customs Service related to the procurement and retention of business in Nigeria related to Shell's Bonga Project, the first deep-water oil drilling activities in the country.<sup>xxi</sup>
- 2005-2009: Shell was found to be amongst the foreign firms identified by the US Government Accountability Office to partake in commercial activities in Iran's oil, gas and petrochemical sectors. The report compiled by the Office shows that Shell was amongst forty other oil and gas companies operating in the country, but it was also amongst the first to cease operations.<sup>xxii</sup>
- September 2013: The Environmental Protection Agency says affiliates of Royal Dutch Shell PLC have agreed to pay \$1.1 million for violations of air permits during 2012 Arctic offshore drilling. The EPA says Shell Gulf of Mexico, Inc. and Shell Offshore, Inc. violated Clean Air Act permits for drilling in the Chukchi Sea by the drill vessel Noble Discoverer and in the Beaufort Sea by the Kulluk.<sup>xxiii</sup>
- 2013: Panalpina agreed to pay \$82 million in criminal and civil penalties in 2011 to resolve charges that it violated the FCPA. The freight forwarder admitted paying \$27 million to foreign officials in several countries to expedite customs clearance and import permits for its clients, including Pride International Inc, Royal Dutch Shell PLC, RDSB.LN +0.57% Tidewater Inc. TDW +0.85% Transocean Inc. RIGN.VX -0.20%, GlobalSantaFe Corp. and Noble Corp. NE +0.08% Those companies also settled with the U.S. government in 2011, paying a total of about \$155 million in penalties. <https://djrc.dowjones.com/FDKSearchData.aspx?ViewAs=FULL&ArticleID=DJ00000020130222e92m000qx&ValidatorId=494fda75-3026-4929-8a21-01e42eb13940>
- 2013: Oil giant Royal Dutch Shell PLC (RDSA, RDSA.LN) has agreed to pay more than \$118 million to resolve allegations that its refinery and chemical plant near Houston emitted harmful amounts of benzene and other air pollutants, the Justice Department said. <https://djrc.dowjones.com/FDKSearchData.aspx?ViewAs=FULL&ArticleID=DJON000020130710e97a0004c&ValidatorId=494fda75-3026-4929-8a21-01e42eb13940>

2013: Price Fixing allegations, also names

BP <https://djrc.dowjones.com/FDKSearchData.aspx?ViewAs=FULL&ArticleID=NTB0000020131107e9b60001b&ValidatorId=494fda75-3026-4929-8a21-01e42eb13940> <https://djrc.dowjones.com/FDKSearchData.aspx?ViewAs=FULL&ArticleID=DT00000020131107e9b70000m&ValidatorId=494fda75-3026-4929-8a21-01e42eb13940>

2013:

In the Complaint, the United States alleges that Shell Oil Co. and two of its affiliated partnerships ("Shell") violated, at their petroleum refinery and chemical plant in Deer Park, Texas, various provisions of the Clean Air

Act, 42 U.S.C. 7401 et seq.; the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. 9609(c) and 9613(b); and the Emergency Planning and Community Right-To-Know Act, 42 U.S.C. 11045(b)(3).

Under the consent decree, Shell will implement innovative pollution control technologies to reduce emissions of sulfur dioxide, volatile organic compounds ("VOCs"), and hazardous air pollutants from the twelve flares it operates at its Deer Park facility. Shell has agreed to limit the waste gas it sends to its flares by installing and/or operating systems that will recover and recycle waste gas back into plant processes (i.e., flare gas recovery) and Shell has agreed to an overall "cap" on the volume of waste gas it flares. For waste gas that is flared, Shell will operate numerous monitoring systems and comply with several operating parameters to ensure that the flares adequately combust the gases. In addition, at a cost of between \$15 and \$60 million, Shell will undertake numerous activities at its wastewater treatment plant, its tanks, and its benzene extraction unit to reduce VOC emissions and mitigate the effect of alleged past excess VOC emissions. Shell also will install a \$1 million state-of-the-art monitor at its fence line to record benzene emissions and make the results available to the public, as well as spend \$200,000 to retrofit publicly-owned diesel vehicles in the vicinity of the plant to reduce emissions. Finally, Shell will pay a civil penalty of \$2.6 million.

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#### March

2014: <https://djrc.dowjones.com/FDKSearchData.aspx?ViewAs=FULL&ArticleID=DJTES11020140307ea370002t&ValidatorId=494fda75-3026-4929-8a21-01e42eb13940> ONDON--Kazakhstan's Environment Ministry is fining the consortium developing the giant Kashagan oil field around \$735 million for burning off gas from a pipeline the group was forced to shutter after detecting a leak on the vital link.

The consortium developing Kashagan, which includes Eni SpA, Total SA, Royal Dutch Shell PLC and Exxon Mobil Corp., shut down production at the offshore Kashagan oil field in October, only weeks after it started following gas leaks on the gas pipeline.

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#### Minor

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NEW ORLEANS -- A Louisiana agency sued 97 oil companies -- including BP Plc, Exxon Mobil Corp , Chevron Corp and Royal Dutch Shell Plc -- in state court Wednesday for allegedly damaging hundreds of miles of sensitive wetlands by cutting through them with pipelines and transportation

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## Corporate Issues

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## Humanitarian Rights Violations

1992-1995: Accused of being complicit in the torture of individuals by members of the Nigerian military. In 2012 the issues were brought to the US Supreme Court where it decided that the US did not have the authority to investigate and prosecute foreign companies for crimes not committed in the

US. <https://djrc.dowjones.com/FDKSearchData.aspx?ViewAs=FULL&ArticleID=AFPR000020130417e94h005gc&ValidatorId=494fda75-3026-4929-8a21-01e42eb13940>

Shell has consistently denied any involvement in the

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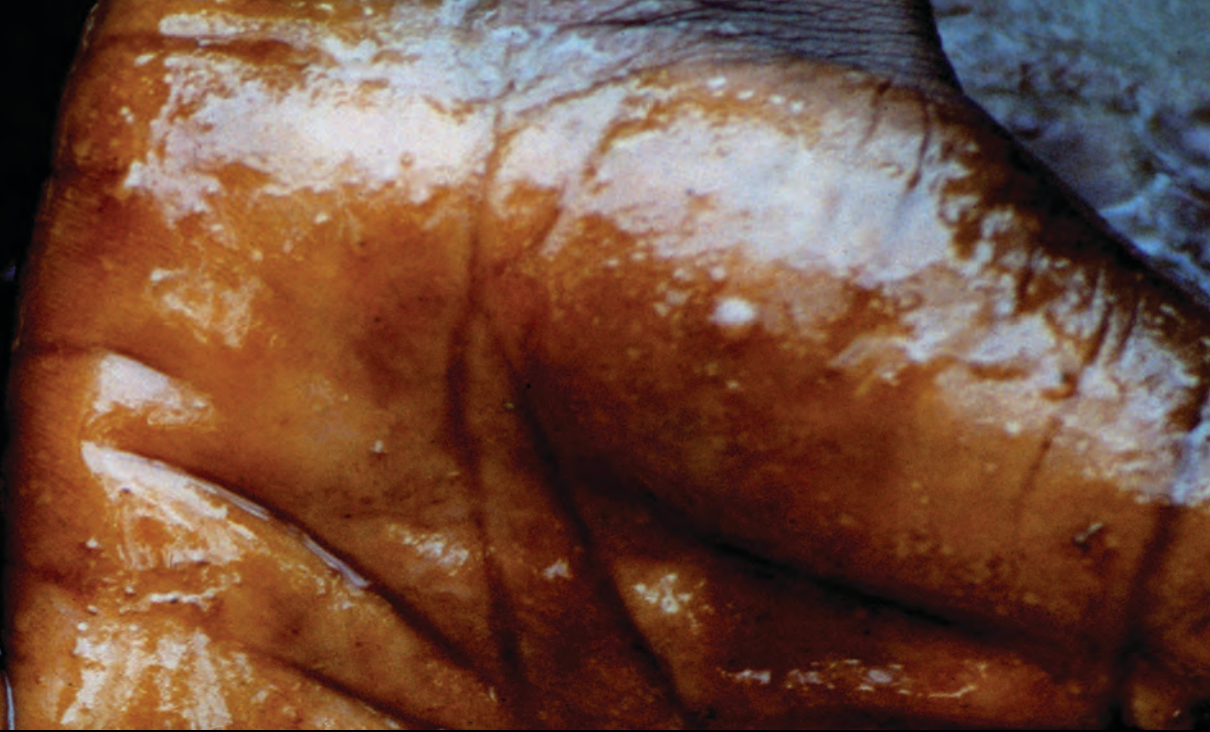
<sup>xxi</sup> <http://www.sec.gov/litigation/admin/2010/34-63243.pdf>

<sup>xxii</sup> <http://www.gao.gov/new.items/d11855r.pdf>

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# Counting the Cost

Corporations and human rights abuses in the Niger Delta



**“International groups such as Amnesty, Friends of the Earth International and Platform... have done extraordinary work to bring the human rights and environment scandal of the Delta to world attention.”**

*The Guardian, 10 August 2011.*



This report was researched and written by Ben Amunwa of Platform, with contributions from Mika Minio of Platform.

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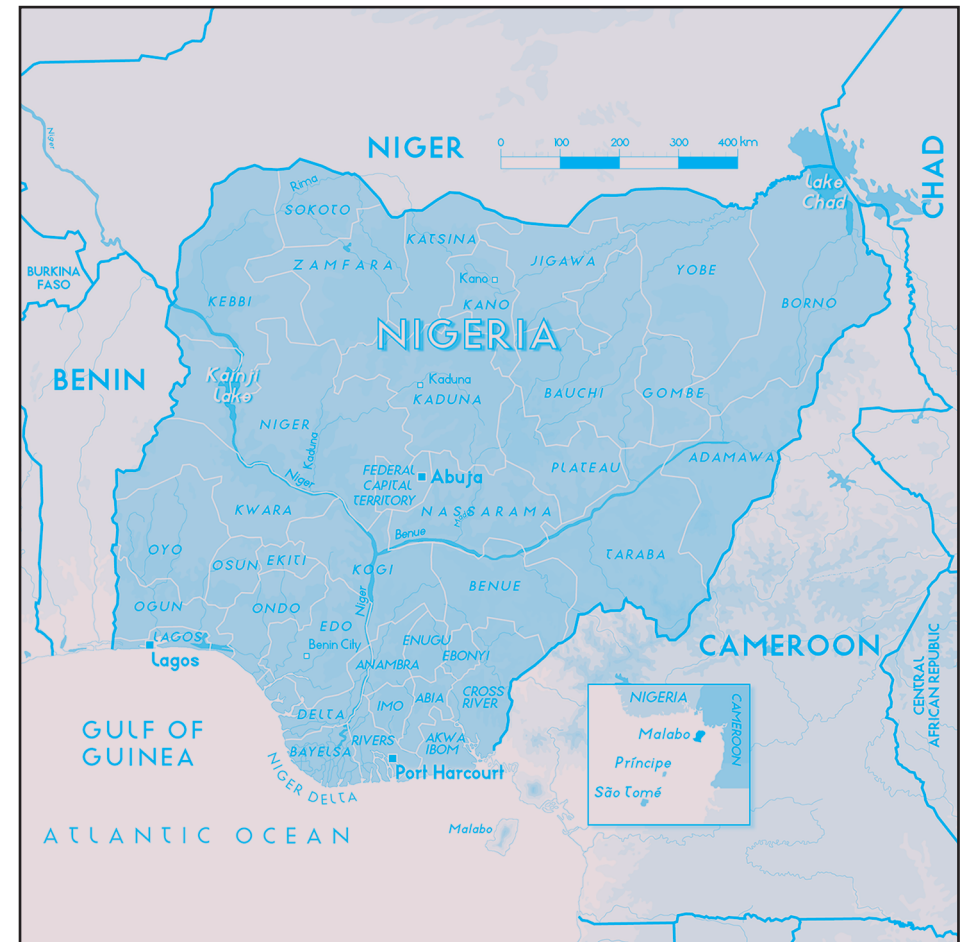
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## Map of Nigeria, 2011 showing states and inset of São Tomé and Príncipe



### Executive summary

This report examines the role of Shell in human rights abuses committed by Nigerian government forces and other armed groups between 2000 and 2010. It provides eight case studies, places them in wider social and environmental context and evaluates the level of legal, reputational and operational risk the company faces. Each case illustrates different but related ways that Shell's conduct has led to repression and conflict.

All eight cases are from the 'eastern division' of Shell's operations in the Niger Delta, where the company first struck oil in commercial quantities in 1956. As the largest operator in the Delta, Shell is the focus of this report. But the issues, conclusions and recommendations apply to other oil companies operating in the region.

The past decade in the Delta has brought brutal government crackdowns, the rise of armed groups and a multiplicity of intense conflicts. While primary responsibility for human rights violations falls on the Nigerian government and other perpetrators, Shell has played an active role in fuelling conflict and violence in a variety of forms.

#### This report finds that:

- Shell's close relationship with the Nigerian military exposes the company to charges of complicity in the systematic killing and torture of local residents.
- Testimony and contracts seen by Platform implicate Shell in regularly assisting armed militants with lucrative payments. In one case from 2010, Shell is alleged to have transferred over \$159,000 to a group credibly linked to militia violence.<sup>1</sup>
- Shell's poor community engagement has provided the "catalyst" for major disruption, including one incident that shut down a third of Shell's daily oil production in August 2011.<sup>2</sup>
- In the absence of proper supervision and controls, Shell contractors, including multinationals like Halliburton, Daewoo and Saipem, have replicated many of Shell's mistakes.

Shell's conduct in the Delta has local and global implications. Basic company errors have exacerbated violent conflicts in which entire communities have been destroyed. Billions have been lost in revenues to the government and oil companies,<sup>3</sup> sending shockwaves through the global economy.

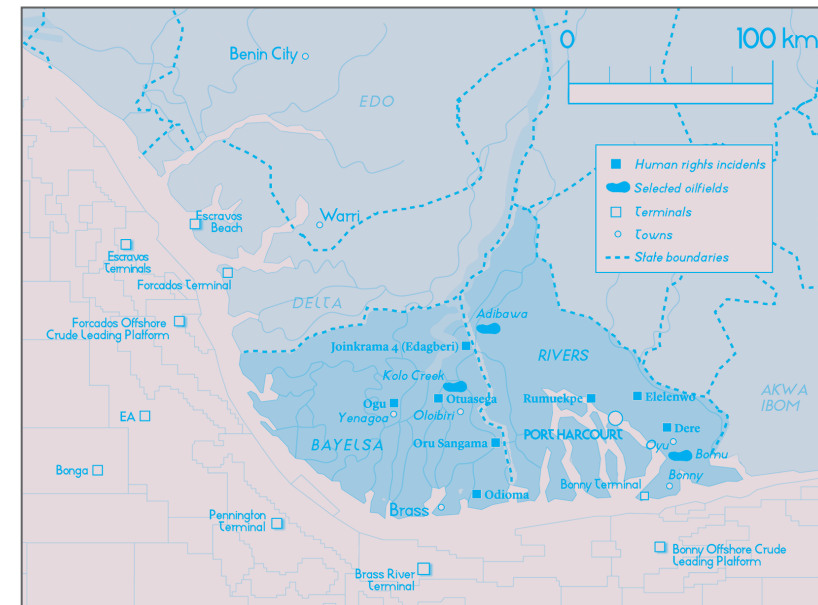
These are not new phenomena. In 2003, a leaked internal report denounced Shell for its active involvement in the Delta conflict.<sup>4</sup> Then, as now, Shell pledged to improve.<sup>5</sup> But Platform's report finds that Shell has not taken the necessary steps to de-militarise its operations in the Delta, resolve long-standing grievances and respect the human rights of local communities.

The eight cases in this report are the thin end of the wedge. Many further cases of human rights abuse are associated with Shell's operations in the western, central and outer Delta regions, as well as with Chevron, Eni and other oil companies and private military and security contractors (PMSCs).

Given the widespread and systematic nature of the problem, this report aims to provide a cross-section, not a comprehensive overview.

Platform believes there are many ways to address this urgent issue and at the end of this report puts forward key recommendations to the Nigerian authorities, Shell, shareholder investors and the UK, US and Dutch governments.

#### Map of the Eastern Division



The 'eastern division' of Shell's operations with the locations of the eight case studies in this report

#### Methodology

Platform visited the Niger Delta in September to October 2010 and conducted over 50 interviews with women, 'youth',<sup>6</sup> elders, community leaders, ex-militants and human rights defenders. Platform interviewed the families, victims, witnesses and perpetrators of human rights abuses, oil company employees, contractors and academic experts. Due to the risk of reprisals, the names of some informants have been changed or withheld.

Where available, hospital records, contracts, court documents, photographic evidence and other forms of documentation have been relied on. Media articles, academic publications, company records and NGO reports have also been used for reference.

The case of Odionme was originally investigated by Amnesty International; B-Dere by the Movement for the Survival of the Ogoni People (MOSOP), Centre for the Environment, Human Rights and Development (CEHRD) and followed up by Platform; K-Dere by CEHRD; Oru Sangama by author and

journalist Peter Maass. All other cases were investigated directly by Platform, working in partnership with Nigerian civil society groups including CEHRD, Environmental Rights Action/Friends of the Earth Nigeria (ERA/FoEN), Social Action, MOSOP and Stakeholder Democracy Network (SDN).

Local currency figures are quoted in naira (₦). In September 2011 \$1 was equivalent to ₦155, £1 to ₦245.

### Introduction

Over fifty years of injustice lie at the heart of Shell's operations in Nigeria's oil-rich Niger Delta.<sup>7</sup> In village after village, Shell has polluted the rivers and farmland that locals depend on, assisted state brutality and worsened an armed conflict which claimed an estimated 1,000 lives a year.<sup>8</sup>

In a country where access to justice is denied to many, moments of accountability are rare. But on two recent occasions Shell's operations in Nigeria have been the subject of international scrutiny, raising legal, financial and reputational risks for the company.

On 8 June 2009, Shell settled a landmark US lawsuit brought by nine plaintiffs from the minority Ogoni region of the Niger Delta. The case accused Shell of colluding with government forces in crimes against humanity and gross human rights abuses, including the execution of writer and activist Ken Saro-Wiwa and eight other activists on 10 November 1995. The *Wiwa v Shell* lawsuit cost the company more than the \$15.5 million settlement it eventually paid out. Shell's reputation and brand, valued at \$3.3 billion in 2008,<sup>9</sup> suffered substantially.

On 3 August 2011, following a class action lawsuit filed at the High Court in London, Shell admitted liability for two massive oil spills in Bodo village in Ogoni. At the time of writing, Shell faces a compensation claim of \$410 million and could be forced to clean up extensive environmental damage.<sup>10</sup> In the same week, a report by the United Nations Environment Programme (UNEP) into the ecological impact of oil spills in Ogoni found that Shell has fallen below its operating standards and covered up the full extent of its pollution.<sup>11</sup> UNEP recommended an initial fund of \$1 billion to start the clean up process in Ogoni.<sup>12</sup> The full cost of cleaning oil spills in the Niger Delta is estimated to be up to 500 times higher.<sup>13</sup>

These examples could be multiplied many times over. Shell and other oil corporations have exploited Nigeria's lax regulatory environment and perpetrated egregious wrongs in a legal vacuum. The Nigerian government and home states such as the UK, Netherlands and US are frequently unwilling to hold oil companies accountable. No internationally binding framework on corporate human rights abuses currently exists.

But this does not mean that companies face no consequences. While the *status quo* continues, Shell faces rising litigation risks. In The Hague, a case brought by Friends of the Earth and four Nigerian victims of Shell oil spills is ongoing.<sup>14</sup> More cases are likely to follow in London. There is increasing international recognition by investors, home states and public opinion that businesses must 'do no harm'. Whether Shell will meet these expectations and comply with its own business principles depends on pressure from all these

stakeholders. It also depends on Shell's willingness to root out entrenched interests and make structural changes. Shell's efforts so far, such as human rights training and support for voluntary principles, have been largely cosmetic and have not addressed the structural problems of militarisation and harmful corporate practices.

And the future? "It could be worse than before," says Kingsley Kuku, special advisor to President Goodluck Jonathan on Niger Delta affairs. Kuku is pessimistic about the prospects of peace in the Delta region: "any time, any day, it can crumble."<sup>15</sup> Since late 2009, the government amnesty programme has reduced attacks by insurgents, but like its precursor (the amnesty under former President Obasanjo), it excludes the majority of locals and does not address underlying grievances. Wider instability in Nigeria poses an even greater threat to company operations. The public reaction to appalling military repression and inadequate government policies is becoming more explosive, as the insurgency in the Delta and Boko Haram in Northern Nigeria illustrate. Against the backdrop, oil majors are torn between staying on or moving offshore. But 90% of offshore facilities are close to communities from the restive Ijaw ethnic group<sup>16</sup> and many facilities depend on onshore infrastructure.<sup>17</sup> Nigeria's 2011 elections marked an improvement on the blatant fraud of 2007, but were marred by post-election violence in the North and severe rigging in rural areas of Rivers and Bayelsa States. The Petroleum Industry Bill, which aims to restructure Nigeria's oil industry, could further weaken regulation of the oil sector and give even less environmental protection to local communities.

The coming years could see an upsurge in violence unless the Nigerian government and oil companies respect human rights and are held publicly accountable for violations. Urgent action is required from all stakeholders to put an end to decades of impunity. As long as these injustices continue, a lasting peace is unlikely to develop.

### Oil and conflict in Nigeria

The Nigerian economy is overwhelmingly dependent on oil, which accounts for the vast majority of government revenues.<sup>18</sup> Since 1960, Nigerian oil exports have generated staggering wealth, estimated at over \$600 billion.<sup>19</sup> Yet the majority of Nigerians have been denied the benefits and poverty is endemic in the Niger Delta.<sup>20</sup> Continual protests and (since 2003) regular attacks against oil facilities have slashed oil production by more than a quarter and caused unprecedented spikes in world oil prices.<sup>21</sup> Armed militants in the Delta, notably MEND (the Movement for the Emancipation of the Niger Delta) have demanded resource control and a greater share of the oil revenues for the region.

The Delta is strewn with complex and multi-layered conflicts caused by a number of factors.<sup>22</sup> Corruption at all levels of government has deepened social inequality and incited violent conflict. Poor oversight of the oil industry and decades of corporate exploitation have created a permissive environment for widespread dispossession and daily violations of basic human rights. The lack of accountability means those responsible for abuses have enjoyed impunity. Poverty, political violence, unemployment and the proliferation of arms and oil 'bunkering'<sup>23</sup> have triggered spiraling insecurity. The Nigerian govern-

ment's failure to protect the human rights of its citizens is a great source of tragedy.

Although the social fabric in the Delta, which includes at least 40 distinct ethnic groups,<sup>24</sup> has been deeply damaged by oil extraction, the situation is not beyond repair. Vibrant community groups exist in abundance and successes such as the Akassa Development Foundation<sup>25</sup> indicate that sustainable partnerships between all stakeholders are possible and provide a model for other communities in the region. The Nigerian government and the oil companies have a basic duty to address the root causes of the crisis and avoid another decade of conflict.

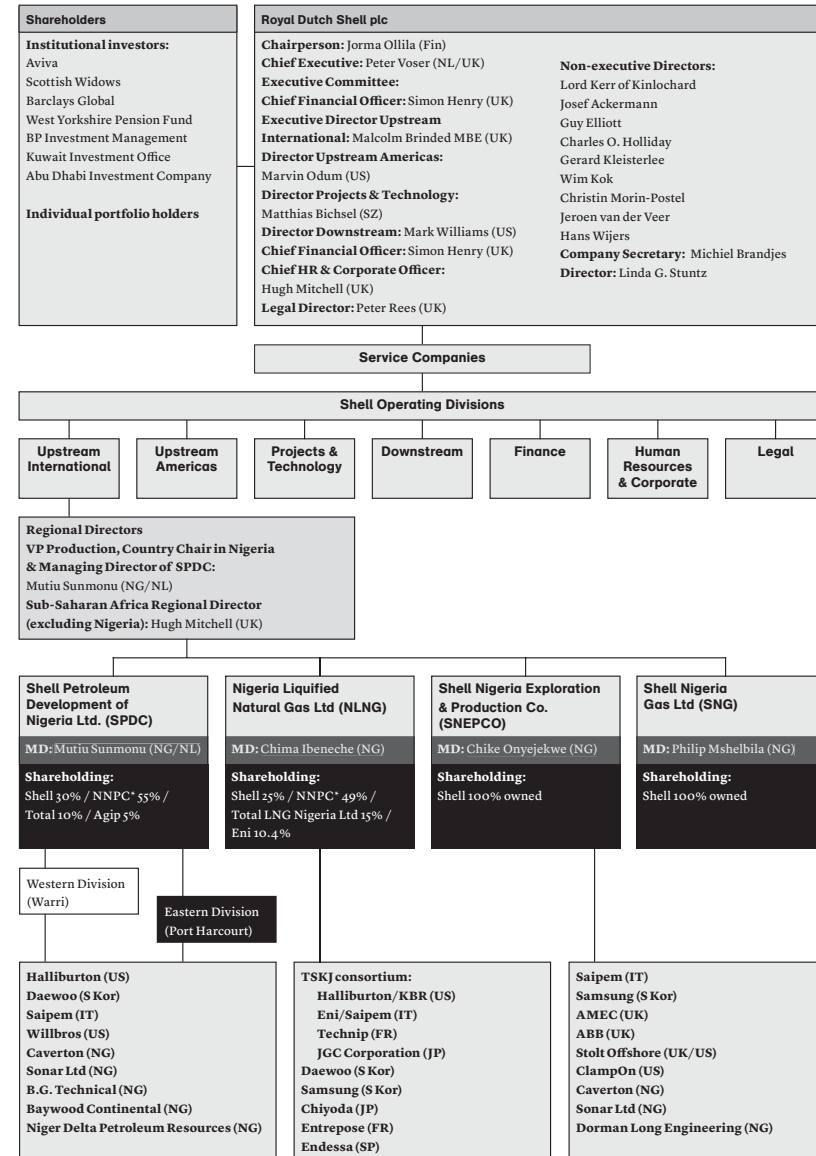
### Shell in Nigeria

Shell has held a dominant position in Nigeria's oil industry since 1937, when the business then known as Shell D'Arcy was granted an exclusive concession to explore the whole of Nigeria. Commercial oil production began in 1956 at the village of Oloibiri by Shell-BP, (now Royal Dutch Shell) and expanded rapidly across the Delta region. Today, Nigeria provides approximately 12% of Shell's global oil extraction.<sup>26</sup> Shell is expected to expand its operations in the coming years with capital investment of \$40 billion, mostly in offshore, deepwater oil blocks.<sup>27</sup> Other companies active in Nigeria include the state-owned Nigerian National Petroleum Corporation (NNPC) and local subsidiaries of Chevron, ExxonMobil, Eni, Total, Addax Petroleum (now owned by Sinopec), plus a range of Nigerian firms.

Shell has a number of companies in Nigeria which extract oil from onshore, near shore and offshore sites in the Niger Delta and operate the liquefied natural gas (LNG) plant at Bonny terminal. This report focuses on Shell Petroleum Development Company of Nigeria Ltd (SPDC), which Platform refers to simply as 'Shell' or 'SPDC'. As the operator of SPDC, Shell is the overall decision-maker and manager, responsible for running SPDC's oil extraction, oil spill response, security, community relations and other social and environmental issues.

Other Shell affiliates include Shell Nigeria Exploration and Production Company (SNEPCO), which conducts offshore extraction through production sharing agreements with NNPC; Shell Nigeria Gas Ltd (SNG) which distributes gas to industry in Nigeria; and Nigeria Liquefied Natural Gas Company (NLNG), in which Shell is technical adviser and holds a 25.6% share. All Shell affiliates are subsidiaries of the parent company, Royal Dutch Shell plc, based in London and The Hague.<sup>28</sup>

### Structure of Shell and Shell Nigeria, 2011



\*NNPC: Nigerian National Petroleum Corporation



### 1. Army arrangement: Shell's close relationship with Nigerian government forces

During the 1990s, Shell actively encouraged and assisted large-scale military attacks against communities and peaceful protestors in the Ogoni region of the Niger Delta.<sup>29</sup> Recently released testimonies from the US lawsuit, *Wiwa v Shell* have shed further light on the extent of Shell's collusion with the Nigerian military. According to key testimony, Shell provided helicopter transport and field allowances to heavily armed soldiers who committed crimes against humanity in the Ogoni village of Kaa on 5 August 1993. In the attack that followed, at least 35 civilians were reportedly killed.<sup>30</sup> The notorious Lieutenant-Colonel Paul Okuntimo, who led the crackdowns against the Ogoni, was allegedly being paid by Shell and was driven around the Delta in a Shell vehicle.<sup>31</sup>

There are indications that since the Ogoni crisis, Shell has been more careful to publicly distance itself from major military operations in the Delta.<sup>32</sup> However, Shell's operations remain inextricably linked to human rights violations committed by government forces.

The scale of Shell's infrastructure and security operations in Nigeria is immense. It include over 6,000km of flowlines and pipelines, 90 oil fields, 1,000 oil wells, 72 flowstations, ten gas plants and two major export terminals at Bonny and Forcados.<sup>33</sup> These are guarded by a similarly vast network of Mobile Police (MoPol), known locally as the 'kill and go', and the Joint Task Force (JTF), a combination of the army, navy and police, assigned to guard and patrol oil facilities. Shell also uses private military and security companies (PMSCs) known for their increasingly militarised tactics.<sup>34</sup> Shell maintains a 1,200-strong internal police force, called 'supernumary' or SPY police,<sup>35</sup> plus a network of plain clothes informants.<sup>36</sup> Shell claim that SPY police are usually unarmed, but some carry arms on 'escort duty' despite a law banning them from bearing firearms.<sup>37</sup>

Analysts have described Nigeria as "over-policed and under-secured."<sup>38</sup> The security situation in the Delta fits this trend and has deteriorated sharply since the region was put under military occupation in 1998. The Nigerian government, driven to keep oil revenues flowing and working in close partnership with oil multinationals, has heavily militarised the Delta. Shell alone has hired over 1,300 government forces as armed guards.<sup>39</sup>

Security costs for the oil industry in Nigeria, once negligible, have skyrocketed to approximately \$3 billion a year.<sup>40</sup> Compared with the slower task of addressing community grievances over poverty, unemployment and environmental damage, hiring government forces appears to be an easier option for oil companies in the short-term.<sup>41</sup> But the costs are often devastating. Shell's over-reliance on government forces subjects communities to systematic human rights abuses, as the recent killings and torture in Ogoniland demonstrate (see below).

Shell's "deep involvement"<sup>42</sup> in the militarisation of the Delta puts the company under the constant risk of complicity in fierce government crackdowns. Government forces depend heavily on Shell for support. "Shell provides [government forces] with such logistics as patrol vans, boats and helicopters"

on a regular basis.<sup>43</sup> According to a report in 2006, Shell air strips have also been used to launch military operations.<sup>44</sup> In Oru Sangama, Shell failed to warn local villagers of an imminent military raid where the loss of lives was a probable outcome. The company also paid the soldiers who participated in the attack on the village.

As a strategy, the militarisation of the Delta is deeply flawed and counterproductive. Government forces frequently fail to provide protection and have often created more insecurity. Offshore facilities remain particularly vulnerable despite the presence of the Nigerian Navy.<sup>45</sup> High-ranking military officials believe that 'hard' force cannot solve the crises.<sup>46</sup> Asked to evaluate the effectiveness of government forces, one Shell official claimed they were a "total disappointment," and "more loyal to hoodlums than the people who they are protecting."<sup>47</sup> In spite of the poor credentials of Nigerian government forces, the US, UK and Netherlands governments and the oil majors have all supported the militarisation of the Delta, often under the rubric of counter-terrorism.

Consequently, Shell and other oil companies depend on government forces which they cannot effectively control.<sup>48</sup> The management of Nigerian forces is typically dispersed across Shell's security department, government officials and private security contractors, creating tangled lines of responsibility. An internal report by Chevron found that government forces represent more of a liability than an asset to the company.<sup>49</sup> Shell's situation is analogous.

Shell's response to the problem has been largely cosmetic, and has not changed the substance of their relationship with the military. Shell provides "human rights training" to "security staff and police"<sup>50</sup> but this has not succeeded in preventing regular human rights abuses from occurring. A senior manager in Shell has acknowledged that "despite serious efforts in monitoring and training and supervision, the company's armed security guards in Nigeria and a number of other developing countries do not comply fully [with company] guidelines."<sup>51</sup> The failure of both the Nigerian authorities and the oil companies to enforce guidelines and properly address the ill-discipline, impunity and corruption of government forces has led to a legacy of abuses.

Despite the reductions in attacks by insurgents since the government amnesty programme in 2009, Shell continues to maintain a heavy military presence in the Delta. Locals have faced repression in communities like Otusega, which has no prior history of militant activity and is in the same local government area as President Goodluck Jonathan's home village. The limited gains of the amnesty could easily be undermined unless 'security' is based on respect for human rights, the protection of shared interests and the involvement of all stakeholders.<sup>52</sup>

#### 1.1 Ogoniland

In 2009 to 2010, security personnel guarding Shell facilities were responsible for extra-judicial killing and torture in Ogoniland.

On 26 December 2009, in the community of K-Dere, two heavily armed soldiers guarding a Shell manifold reportedly attacked William Dimkpa Nkoo



**Nigerian soldier guarding oil pipelines in the Niger Delta**  
Photo: George Osodi



**Wellhead near village of K-dere, Ogoniland**  
Photo: Amnesty International, 2011



and his wife Priscillia Nkoo, a seamstress, using rifle butts and horsewhips. William told the human rights monitor CEHRD, “I even don’t know why they beat us. One of them said I talked ‘like somebody who claims to know so much’ and I ‘deserve to be beaten’.”<sup>53</sup> The soldiers also reportedly attacked a local farmer, John Badom, damaging his eye sight.

On 13 April 2010, JTF soldiers guarding SPDC Well 4 in Bomu oil field in Ogoni, shot dead Bariara Vurasi, a youth in his early twenties. Bariara was among a group of casual workers from nearby B-Dere community, hired by Shell for the ‘corking and killing’ of the well head. According to reports, a disagreement between the workers at lunch time caught the attention of the JTF, whose response was swift and brutal. The soldiers started beating the workers and fired shots into the air. Bariara tried to escape but he was shot and killed. The soldiers allegedly tried to cover up the shooting by taking Bariara’s corpse straight to the mortuary.<sup>54</sup>

When Platform visited Bariara’s family in B-Dere, they were devastated. A grieving relative held SPDC responsible, telling Platform that “Shell has killed [Bariara].” The family appeared determined to demand justice for Bariara’s killing.<sup>55</sup>

### Background

Despite producing no oil for nearly two decades, Ogoni is a prized asset for Shell. During the 1990s, Ogoni provided 3% of Shell’s oil production in Nigeria.<sup>56</sup> The region is believed to hold immense, untapped natural gas reserves of several trillion cubic feet.<sup>57</sup>

Dere is a small community in the Gokana area of Ogoni and is sub-divided into B and K-Dere.<sup>58</sup> Dere hosts the giant Bomu oil field, Shell’s first and largest commercial find in Ogoni.<sup>59</sup> Although no oil is currently extracted there, approximately 170,000 barrels of oil per day is pumped through the Bomu manifold, a major collection point along the Trans-Niger Pipeline.<sup>60</sup> Oil surges into Bomu at high pressure from Shell flowstations and other third party facilities across the eastern Delta and feeds the Bonny export terminal on the coast.

### Oil Spills in Ogoni

The Ogoni have suffered from five decades of severe environmental devastation and Shell has a long legacy of pollution in the region. According to the UN Environment Programme (UNEP), restoring Ogoniland could require the biggest clean up operation in the world, dwarfing BP’s response to Deepwater Horizon, and could take up to three decades to complete.<sup>61</sup>

Under Nigerian law, Shell is obliged to clean up all oil spills regardless of the cause, but compensation is not available for victims where an oil spill has been caused by sabotage.<sup>62</sup> In order to minimise its liabilities, Shell maintains that 90% of the oil spills are due to sabotage.<sup>63</sup>

Shell’s oil spill data is strongly contested by environmentalists and the company’s claims are not subject to independent verification. UNEP believes that sabotage-related oil theft became significant in Ogoni in 2007,<sup>64</sup> as frustrated, jobless youth turned to oil theft and refining as a means of liveli-

hood and a way to protest against the socio-economic neglect of the region. However, many of the oil spills in Ogoni are up to four decades old and pre-date this recent trend. Moreover, Shell’s ageing infrastructure and lack of major investment in pipeline maintenance indicate that equipment failure is the cause of the majority of oil spills in the Delta.<sup>65</sup>

While Shell is quick to blame spills on local residents, the company has been slow to take preventative measures to stop sabotage and oil theft from its facilities. Shell engineers have admitted turning a blind eye to oil bunkering “outlet” points, which in some cases are marked on company maps.<sup>66</sup>

Pipeline specialist Dr Richard Steiner has criticised Shell for falling below international standards by failing to incorporate more robust pipeline designs, leak detection systems and surveillance technology in Nigeria.<sup>67</sup> Other analysts estimate that a relatively modest investment of \$100 million could introduce the necessary surveillance and training to address oil bunkering in the Niger Delta.<sup>68</sup>

Like elsewhere in Ogoni, Dere has suffered devastating oil spills that have ruined hectares of land, polluted water and destroyed livelihoods. The severe impact of Shell’s oil spills was recognised by the Federal High Court in 2010, which awarded locals in B-Dere ₦5.5 billion (\$35 million) in damages over a Shell oil spill caused by equipment failure in May 2000.<sup>69</sup> In April 2011, local residents from the neighbouring town of Bodo filed a class action lawsuit at the High Court in London after a double rupture on the Bomu-Bonny pipeline in August 2008 and a leak in February 2009 contaminated Bodo Creek, a water source for 69,000 people.<sup>70</sup> Experts estimated that over 280,000 barrels may have been spilled—a quarter the size of BP’s Gulf of Mexico disaster.<sup>71</sup>

Despite mounting criticism, Shell has shown little sign of improvement. In the early hours of 12 April 2009, Bomu manifold was engulfed in flames. The cause, according to a confidential report by a Shell contractor, was “rusty, damaged and [leaking] pipes.” SPDC shut down Bomu for two weeks, losing approximately \$135 million. Twelve months later, despite ready access to the farmland destroyed by the spill, Shell had only just completed an “initial clean-up”.<sup>72</sup>

### Return to Ogoniland?

Shell was forced to stop oil production in Ogoni in 1993, when the Movement for the Survival of the Ogoni People (MOSOP), led by writer and activist Ken Saro-Wiwa, mobilised 300,000 people in a peaceful protest for environmental and social justice. Shell’s response was to encourage and assist the Nigerian military in crimes against humanity and gross human rights violations. On 10 November 1995, Saro-Wiwa and eight other Ogoni activists were hanged by the Nigerian military government after a flawed trial that was condemned as “judicial murder”.<sup>73</sup>

In 2005, ten years after the executions, Shell returned to Ogoni to secure the 112 oil wells it had abandoned in 1993. By September 2010, Managing Director Mutiu Sunmonu announced that “98 wells had been successfully secured” and praised local authorities for “their efforts in securing access.”<sup>74</sup>

Speaking to press in The Hague, Shell spokesperson Wim van de Wiel promised to leave Ogoni as “nice and tidy as possible” in a gesture of “corporate social responsibility”.<sup>75</sup>

The reality has been anything but “nice and tidy”. Shell’s major oil spills, inadequate remediation and close co-operation with the Nigerian military have left a trail of social and environmental devastation in Ogoni. Shell’s routine collaboration with the JTF in Ogoni exposed communities to the risk of attacks and, for victims like Bariara Vurasi, to lethal violence. A foreign correspondent told Platform he saw regular convoys of Shell employees escorted by ‘Scorpion Units’ of armed JTF soldiers, who were, as their title suggests, “very aggressive”.<sup>76</sup>

Shell’s presence in Ogoni has exacerbated pre-existing local tensions and risked destabilizing the region. To secure access to its abandoned facilities in K-Dere, Shell awarded ‘security contracts’ (sometimes called, ‘surveillance services’) to notorious criminal gangs, who were previously sponsored by local politicians during the April 2007 elections to commit political violence.<sup>77</sup> According to a senior activist from MOSOP, Shell’s ‘security contracts’ made the gangs “rich overnight.” The gangs allegedly used their newly acquired wealth to rule K-Dere through fear. “They will just kill you,” the activist told Platform, “you dare not come near them.”<sup>78</sup> Shell’s activities have pitched Dere further into a climate of fear and intimidation. The resulting clashes have claimed several lives.<sup>79</sup>

#### Bad omen:

In late January 2011, the Nigerian National Petroleum Corporation (NNPC) announced it would soon restart extraction in 30 oil fields in Ogoni. Shell is due to be a partner in the operation.<sup>80</sup> Civil society groups and community members are strongly opposed to Shell/NNPC’s plan. Furthermore, no meaningful consultation of communities in Ogoni seems to have been conducted. Ledum Mittee, who has been a prominent activist in MOSOP, has stated that “we don’t want Shell or something like Shell, or a company that will work for Shell.”<sup>81</sup>

Shell/NNPC’s attempts to break open Ogoni’s oil fields have coincided with escalating repression. The Rivers State Government is pushing forward controversial plans to relocate the Bori Camp military barracks in Port Harcourt to central Ogoni. The move is deeply unpopular, especially for those Ogoni who survived the trauma of the Ogoni crisis in the 1990s. MOSOP are challenging the legality of the plan, arguing it would constitute a breach of the UN Declaration on the Rights of Indigenous Peoples.<sup>82</sup>

On 12 June 2011, following a protest against the relocation of the military camp, police shot dead two Ogoni youths, Goteh Keenam and Dambani Kuenu, at a public meeting in Sogho.<sup>83</sup> Platform has seen graphic photo evidence of the victims and is highly concerned that more repression could follow. In the view of local activists, oil activities should not resume in the region before Shell and the government authorities have addressed the underlying social and environmental grievances, as specified in the Ogoni Bill of Rights.<sup>84</sup>

#### Conclusion:

The JTF denied shooting Bariara Vurasi. They claim Bariara was engaged in ‘oil bunkering’<sup>85</sup> and was shot by armed militia.<sup>86</sup> According to MOSOP, the first claim is unsupportable since Well 4 has been dormant for many years.<sup>87</sup> As for the second claim, Bariara was not reported to be armed at the time of the shooting, and Platform is highly concerned that Bariara was killed in circumstances that suggest he posed a minimal threat to the soldiers.

Shell’s use of JTF soldiers to guard its facilities in Ogoni has enabled thuman rights violations to occur. The company’s ‘security contracts’ have further exacerbated inter-communal tensions in Dere. Shell/NNPC’s plan to resume oil extraction in Ogoni and the associated militarisation of the region has been recklessly handled and, if it proceeds, poses great risks to local residents. Instead of forcing open the oil fields in Ogoni, Shell should be cleaning up the oil spills that have destroyed people’s livelihoods.

#### 1.2 Otuasega and Kolo Creek

Soldiers guarding Shell’s facilities at Kolo Creek have systematically harassed and intimidated local residents. On 15 January 2010, on the road outside the Shell Camp in Kolo Creek, Opuwei Daniel was stopped, detained and subjected to cruel, inhumane and degrading treatment. According to Daniel, soldiers forced him and another man to perform frog-jumps and beat them with horsewhips.<sup>88</sup> Soldiers are alleged to have detained locals and subjected them to similar forms of humiliation on a regular basis.<sup>89</sup>

On the morning of 18 September 2010, JTF soldiers at the Shell Camp in Kolo Creek rounded up approximately 30 people and forced them at gun point to perform manual labour, including ground clearance along a Shell pipeline. Other villagers have been forced to heap the soldiers’ sandbags. Platform spoke with Juliana Ebiere, who was eight months pregnant when she was stopped on her way to an antenatal appointment.

*When we [arrived at the] Shell camp we met the soldiers... They now stopped the [motor]bike. Other people were there... cutting the grasses... They ordered the driver to come down and join the work.<sup>90</sup>*

Juliana was then arbitrarily detained by the JTF, before being released later that morning.

In early 2009, when a group of local workers visited the Shell Camp at Kolo Creek to negotiate unpaid salaries, they were intercepted by a truck-load of MoPol officers, who dispersed the workers by shooting into the air, beating and arresting several youths. Those arrested were unlawfully detained at Ekiki police station for several days. Opuwei Daniel was among the workers. “You cannot even go there [to the Shell Camp] to demand your rights to what you know belongs to you,” he told Platform, “so we keep on being a slave to Shell.”<sup>91</sup>

Soldiers have threatened to shoot villagers for approaching a Shell facility. In October 2009, community leaders visited the Shell manifold to investigate a reported spillage of hazardous drilling fluid by Shell contractor, Saipem (a



subsidiary of Italian oil multinational, Eni). Soldiers guarding the manifold threatened to shoot the delegation, which included the Deputy Paramount Ruler, if they did not leave immediately.<sup>92</sup>

#### Background:

Otuasega is a small community a few kilometres from President Goodluck Jonathan's home village in Bayelsa State.<sup>93</sup> Shell began operating in Otuasega in 1971 and started oil extraction within two years. The local area of Kolo Creek became a hub for Shell's facilities, which include a manifold, gas field, helipad, residential area and logistics base (or Shell Camp) for employees.<sup>94</sup> The nearby Kolo Creek oil field is owned and operated by Shell. Approximately 25,000 barrels of oil are extracted per day.<sup>95</sup>

Despite the presence of Shell in Otuasega, around 8,000 people live in abject poverty without adequate water and electricity supply.<sup>96</sup> The Kolo Creek, which drains into the Atlantic, is used by locals for drinking, cooking, bathing and sanitation. Local farmers complain that oil pollution has reduced yields to unsustainable levels, threatening their traditional means of survival.<sup>97</sup>

After years of unsuccessful appeals to Shell, the community went on "general strike" in October 1998 and forced Shell to shut its Kolo Creek facilities for a year.<sup>98</sup> After Shell agreed to provide jobs and other benefits to local communities, the company returned to Kolo Creek in October 1999. Despite some tensions over employment contracts, oil extraction continued undisturbed. Chief Tari-ebi of Otuasega told Platform "there has never been any... vandalism of [Shell] installations. There is nothing like that. No recorded violence or kidnapping here." Otuasega has even won several 'awards' to show for it.<sup>99</sup>

#### The paradox of peace:

Communities like Otuasega are largely ignored and marginalised by Shell and the Nigerian authorities. Paradoxically, communities and groups who threaten Shell's interests tend to get more attention and resources from the company.<sup>100</sup> In Chief Tari-ebi's experience: "when we need a little thing from [Shell], they turn their back against us."<sup>101</sup> Such "little things" include repairing a broken overhead water tank installed by the company and relied on by thousands of people. A local advocacy project confirmed that by 2010 "all community efforts to engage both the state government and SPDC to improve the [water] infrastructure have not yielded results."<sup>102</sup>

The low threat level in Otuasega makes the JTF's heavy-handed presence difficult to justify. The underlying objective of the JTF appears to be "to crack-down on and forestall anti-oil protest" in Kolo Creek.<sup>103</sup> Soldiers patrol Otuasega in a machine-gun mounted armoured personnel carrier, and the Shell Camp at Kolo Creek is surrounded by military check-points that restrict the movement of local residents. According to one human rights monitor, military check-points "place an extraordinary burden on those with the least resources."<sup>104</sup>

The leaders of Otuasega have requested that Shell and the government authorities withdraw the JTF from Kolo Creek.<sup>105</sup> But Shell's Community Interface Coordinator, Harold Nwokolo, claims that Shell's hands are tied.

Meeting with the community in Port Harcourt, Nwokolo reportedly said that the allocation of soldiers is not Shell's responsibility.<sup>106</sup> This is only partially true. The Federal Government assigns JTF to guard oil facilities, but Shell is involved in the process. Oil companies in Nigeria "hire"<sup>107</sup> security from the government, and Shell plays a decisive role in the allocation and organisation of military personnel. The soldiers are stationed in Kolo Creek at Shell's behest.

By continuing to rely on the JTF, who are known to systematically abuse human rights, Shell has arguably become complicit by enabling, paying for and willfully ignoring military repression. That violations have occurred on the doorstep of the Shell Camp is symptomatic of the company's lack of oversight of government forces and the culture of impunity around human rights abuses committed by soldiers.

"When somebody is quiet," Chief Tari-Ebi observed, "it does not mean that he is weak."<sup>108</sup> His analysis proved correct in July 2011, after a long build-up of grievances in Kolo Creek precipitated protests and direct action. Peaceful protestors from across Kolo Creek had stormed the Shell Camp on 7 July 2011, shutting down the Shell manifold and demanding that the company implement the terms of an agreement reached with the community in 1999.<sup>109</sup> In the words of a local community leader from nearby Oruma:

*Shell has cheated us for too long. The Kolo Creek communities have been known to be very peaceful but if the soldiers and Shell take undue advantage of our peaceful disposition today to intimidate us, we shall not take it.<sup>110</sup>*

#### 1.3 Oru Sangama

In mid-September 2004, the JTF attacked the village of Oru Sangama using helicopter gunships and speedboats. According to writer and journalist Peter Maass, two civilians were reported killed and many houses were looted and burned to the ground. Soldiers hired by Shell to guard the nearby Soku gas plant were allegedly involved in the attack.<sup>111</sup> Hours beforehand, helicopters evacuated over 200 Shell staff from the company's facilities in Soku and nearby Ekulama.<sup>112</sup>

The JTF raid was part of a major offensive in 2004, with the stated intention of "flushing out" militants from the creeks of Rivers and Bayelsa State.<sup>113</sup> Amnesty International estimated that in the first three weeks of September 2004 alone, 500 people were killed and thousands more displaced as the JTF indulged in wanton killing sprees.<sup>114</sup> Asari Dokubo, the leader of a major militant group, had used Oru Sangama as a base<sup>115</sup> but the JTF raid on the village failed to apprehend any militants. The JTF's raid on Oru Sangama was wholly excessive, disproportionate and took the form of collective punishment.

When confronted about Shell's role in the attack on Oru Sangama, then Director of Shell Nigeria, Chris Finlayson, responded:

*We do obviously request protection when we feel our operations are under threat... We had intelligence that government activity was increasing in the area. We had no idea where the activity was going to be, but we knew that the area around the gas plant was at risk. We took the action of protecting*



**Nigerian military stop and search residents in Warri, 2003**  
 Photo: George Osodi



**Mother and child walk past the wreckage of houses destroyed during the military raid in Oru Sangama, September, 2004**  
 Photo: George Osodi





Peaceful protestors storm Kolo Creek on 7 July 2011 and deliver a symbolic coffin to Shell's logistics base  
 Photos: Morris Alagoa / Environmental Rights Action (Friends of the Earth Nigeria)

*our own staff and flying our people out. But we don't know what the military are going to do, we don't know where they're going to do it.*<sup>116</sup>

Knowledge of the risk of human rights abuses is critical to assessing a company's potential liability, and a court may infer what a company 'knows' from the circumstances.<sup>117</sup> In Oru Sangama, it is implausible that Shell had no prior warning of a major attack next to Soku, one of the largest gas plants in Africa.<sup>118</sup> Shell executives have routine access to top military leaders and defense ministers in Nigeria.<sup>119</sup> If Shell knew, or should have known of the attack but failed to warn the village, then Shell was effectively complicit in gross human rights abuses. The fact that Shell paid soldiers who participated in the attack means that the company substantially contributed to the military raid.<sup>120</sup>

## 2. Divide and rule: corporate practices and oil conflict

In his 1922 *Methods of Ruling Native Races*, Lord Lugard, Governor General of the British Colony of Nigeria, articulated a cornerstone of British colonial policy in Africa: the system of 'indirect rule'. By relying on a network of local strongmen, several hundred colonial administrators had ruled millions of "subject races" across Africa.<sup>121</sup> In Nigeria, this method, combined with brutal military expeditions, allowed Britain's Royal Niger Company to control and exploit the lucrative trade in palm oil.

Almost a century after Lugard's treatise, oil companies in the Niger Delta are widely accused of having their own unwritten 'divide and rule' policies to control local opponents and enforce continuous oil extraction. Shell and other companies have made huge payments to a wide range of groups in order to buy compliance and stave off hostility. This serves Shell's short-term business interests, but the infusion of cash has fed conflict and instability. There are three main corporate practices that intentionally or otherwise, have had divisive impacts in the Delta.

### ■ 'Community development'

In 2002 Shell dramatically increased its budget for 'community development', in the hope of halting regular protests and attacks eroding its social 'license to operate'.<sup>122</sup> One estimate puts Shell's total investment in 'development' programmes, including cash payments, at \$200 million per year.<sup>123</sup> However, a leaked independent audit commissioned by the company in 2001 found that up to 70% of Shell development projects were non-existent or failing.<sup>124</sup> More recently, while some of Shell's projects have resulted in "islands of success,"<sup>125</sup> they have often created bigger problems. According to one Shell official speaking in 2011, "we are paying in so much, but the money is not going into the rightful hands."<sup>126</sup>

The manner in which Shell distributes 'benefits' to local communities has fed violent conflict and communal crises across the Delta.<sup>127</sup> In practice, Shell has rewarded violence by focusing its attention and resources on groups that pose the greatest threat to its operations. Shell has distributed both cash and contracts to armed groups responsible for killings, leadership crises and the destruction of SPDC's own facilities.<sup>128</sup>

### ■ Corruption, unethical conduct and poor decision-making

Shell's Community Relations Department is supposed to mediate with local communities when conflicts arise and resolve tensions by peaceful means.<sup>129</sup> But internal corruption and an emphasis on quick-fixes has heavily undermined the department's purpose. Shell Community Liaison Officers (CLOs) foster division by intervening in political struggles and awarding contracts to their personal networks.

Historically, Shell CLOs stand accused of a variety of wrong doing such as instructing youths to create oil spills; involvement in oil bunkering; benefitting from clean up contracts; protecting criminal gangs from the authorities and refusing to engage with legitimate community leaders.<sup>130</sup> Repeated violations of company policies have gone unpunished, spawning a culture of corruption.<sup>131</sup> According to local reports in 2010, corruption remained rooted in SPDC. For example, in Joinkrama 4, Shell employees are alleged to be involved in criminal networks responsible for oil bunkering.

Poor decision-making and a lack of integration between departments impede Shell's ability to avoid conflicts. The Community Relations and Sustainable Development departments are often oblivious to the security consequences of distributing contracts, cash and 'development' projects. When it comes to assessing impacts on human rights, these departments appear to be muddling through on guess work.<sup>132</sup> In tense conflict situations, such strategies can have devastating effects.

While other Shell departments such as Land, Production and Corporate Security impact negatively on local conflicts, they are not held responsible for addressing community issues.<sup>133</sup> SPDC appears to lack integrated cross-departmental strategies to address conflicts with, and within, communities.

### ■ 'Security contracts'

Shell hires approximately 9,000 local youths to protect its oil infrastructure under temporary 'security contracts'.<sup>134</sup> Professional training and sustainable employment are sorely needed in the Delta, but 'security contracts' have not provided a viable solution. They have fuelled violent rivalry between armed youth groups, de-stabilised communities and sparked communal conflicts.<sup>135</sup> In effect, Shell incentivises violence by awarding contracts to those who have the most "coercive power".<sup>136</sup> In one example, a Shell contractor based in Ikarama in Bayelsa State, alleged that Shell awarded "floating" contracts to pacify an armed gang who had previously sabotaged the company's Okordia manifold in February 2008.<sup>137</sup> When Shell cancelled contracts in August 2011, youths attacked the pipelines with hacksaws and a third of Shell's oil extraction was shut down (see box 'Poor community engagement' below).

Corporate engagement with "paramilitaries" is implicitly approved of by the Voluntary Principles on Security and Human Rights,<sup>138</sup> a Shell sponsored initiative which the company claims to be compliant with. However, the Voluntary Principles also require Shell to assess the risk of engaging actors with poor human rights records.<sup>139</sup> In a number of serious cases such as Joinkrama 4 and Rumuekpe, Shell has not met this basic requirement.

Taken together, these corporate practices have contributed to "the killing and displacement of thousands of local people" in ethnic and communal conflicts.<sup>140</sup> Given the scale and intensity of the Delta crisis, Shell has a strict obligation to ensure that it does not incentivise violence and fuel conflict. Corruption and incompetence must be rooted out and replaced with a transparent system which takes human rights risks into account.

It is widely acknowledged that Shell bears substantial responsibility for the conflicts in Nigeria, and has become an "integral part of the Niger Delta conflict dynamics."<sup>141</sup> But key Shell officials are in denial. "If the government of Nigeria wants to do business with Shell," says Corporate Security Manager Mark Courtneil, "it is their job to create a stable and secure environment, not the oil company's."<sup>142</sup> While Shell tries to separate itself from the 'external environment' in Nigeria, there is clear evidence that Shell has played an active role in various conflicts, for example in Rumuekpe.

The United Nations Framework for Business and Human Rights states that companies have a duty to avoid human rights violations regardless of challenging "external environments".<sup>143</sup> In conflict-zones like the Delta, this duty requires heightened due diligence and stronger preventative measures. Shell's General Business Principles also explicitly support fundamental human rights.<sup>144</sup> Yet the following cases illustrate how Shell's conduct in Nigeria has violated the company's own principles and fallen short of voluntary international standards on human rights.

### 2.1 Rumuekpe: a ghost town

Between summer 2005 and November 2008, the town of Rumuekpe in Rivers State<sup>145</sup> was torn apart by a destructive crisis. It is estimated that at least 60 people, including women and children, were killed by inter-communal conflict. Armed gangs waged pitched battles over access to oil contracts and payments, which Shell allegedly distributed to whichever gang controlled access to its infrastructure.<sup>146</sup> Thousands of inhabitants of the 8 villages<sup>147</sup> in Rumuekpe have been displaced, and homes, schools and churches destroyed in the fighting. A local elder was stunned by the scale of the destruction. "Even in the Nigerian civil war they did not demolish all the houses in Nigeria like what they did in Rumuekpe. There was not even a standing block."<sup>148</sup>

Those still living in the community are sheltered beneath the ribs of burnt out houses and makeshift tarpaulin tents. Many of them suffer from severe malnutrition, poverty and homelessness. Youth leader Matthew Chizi told Platform "it's like a desert."<sup>149</sup>

#### Background:

Rumuekpe is a main artery of Shell's eastern operations in Rivers State. The town is known as a 'three in one': it hosts the biggest manifold in the eastern division, a booster station vital for communicating in the swamps and a flowstation processing 10 to 15,000 barrels of oil per day. Crucially, Rumuekpe's manifold acts as a gathering point for oil and gas pipelines that criss-cross the area. Approximately 100,000 barrels of oil flow through per day,<sup>150</sup> equivalent to around 10% of Shell's daily production. Shell began operations there in 1956,

and was joined later by Total/Elf, Agip and local Shell contractor, Niger Delta Petroleum Resources (NDPR).

Far from benefitting from its strategic location, Rumuekpe lacks even basic infrastructure. None of the oil companies agreed MoUs to develop the community. For local residents, the most visible effects of oil extraction are the oil spills which date back to the 1990s, and the roaring gas flare at Shell's flowstation that has burned constantly for over five decades. When villagers in Rumuekpe protested against Shell contractor Willbros in 1992, they were attacked by soldiers from the Nigerian army.<sup>151</sup>

#### Poison fire: gas flaring in Nigeria

When crude oil is pumped out of the ground, the gas that comes mixed with the oil is then separated and, in Nigeria, most of the gas is burned or vented. Gas flaring is an illegal<sup>152</sup> and harmful practice that creates massive plumes of fire and smoke that are visible from outer space. Local people complain that pollution from gas flares threatens their health and livelihoods.

Gas flaring releases a mixture of carcinogenic chemicals, such as benzene, which has been linked to increased levels of cancer and respiratory illnesses.<sup>153</sup> Local residents also complain of diminished crop yields and corrosion of zinc rooftops.<sup>154</sup> Constant noise, light and heat, from flares burning at up to 1,400°C force some communities to live in permanent, scorching daylight.<sup>155</sup>

In Nigeria, Shell began gas flaring in the late 1950s, under British colonial rule and before there was an international market for natural gas. Since then Shell has continued the practice. The company denies that flaring impacts on human health in Nigeria, citing a World Bank report from 1992.<sup>156</sup> However, international human rights and environmental groups are highly concerned that gas flaring has serious impacts on communities who live near the flares and on the Delta's fragile ecosystem.<sup>157</sup>

Gas flaring in Nigeria has a global significance. Due to the carbon emissions from gas flares, Nigerian oil is one of the most 'carbon intensive' fuels on the planet. Extracting a barrel of Nigerian crude emits more carbon dioxide than a barrel from Canada's notorious tar sands.<sup>158</sup>

Nigeria is one of the world's worst offenders for gas flaring, second only to Russia. Official figures show that approximately 40% of Nigeria's gas production is flared, wasting billions of dollars a year.<sup>159</sup> This enormous waste is appalling since "less than half of our citizens have access to electricity," according to President Goodluck Jonathan.<sup>160</sup> As companies resume higher levels of oil extraction following the reduction in attacks since the amnesty for militants in 2009, the volume of gas flared has increased. In 2010, Shell reported a rise of 32% in its gas flaring levels, attributed to its extraction in Nigeria and Iraq.<sup>161</sup>

Despite the consensus that gas flaring is unacceptable, progress has been "painfully slow".<sup>162</sup> Shell blames insecurity and lack of funding from their partners in the Nigerian government. According to Shell, between 2002 and 2009, the company invested \$3 billion to reduce flaring.<sup>163</sup> However, the results have been highly questionable. Large-scale projects such as the Bonny LNG plant and the West African Gas Pipeline have been designed to exploit new





**A local resident in Rumuekpe**  
Photo: Celestine Akpobari,  
Social Action



**Children sit beside a Shell  
gas flare at Rumuekpe**  
Photo: Friends of the Earth

gas fields for export, rather than use the ‘associated gas’ that is currently flared.<sup>164</sup> There is no guarantee that forthcoming projects such as the NLNG Seven Plus (“the largest LNG train in the world”),<sup>165</sup> will not be used primarily to exploit new gas reserves. Although Shell has committed to invest a further \$2 billion in flaring reduction,<sup>166</sup> there is no legally binding target or timeframe. Without amendments to existing legislation, government deadlines for zero flaring are unenforceable.

Attempts to compel Shell and the Nigerian government to end gas flaring have been met with resistance. In 2005, the Federal High Court declared gas flaring to be a gross violation of the constitutionally-guaranteed rights to life and dignity, and ordered Shell to end onshore flaring.<sup>167</sup> The company has refused to comply with the court order. Shell has made countless promises, but repeatedly failed to meet government deadlines, much to the outrage of local communities. The technology and resources to reduce and eliminate the practice are widely available.<sup>168</sup> But gas flaring continues to be a “flashpoint for conflict” in the Delta.<sup>169</sup>

The 2005 to 2008 Rumuekpe crisis was caused by a multi-layered struggle over land, power and access to oil contracts and payments. Even so, it is possible to identify several ways in which Shell’s routine practices increased the likelihood of conflict.

- Shell distributed ‘community development’ funds and contracts via Friday Edu, a youth leader and Shell Community Liaison Officer (CLO). This exclusive arrangement magnified the risk of the mismanagement of resources. By 2005, Friday Edu’s monopoly over SPDC’s resources sparked a leadership tussle with another youth, called SK Agala.
- A festering land dispute had pitted local residents against Shell for over a decade. The dispute concerned the ownership of the land where Shell had built its booster station. Youth leader Friday Edu sided with Shell and further polarised the community.
- When Shell’s ‘community development’ projects were implemented, they served to heighten inequalities between the eight villages in Rumuekpe. Only three villages were provided with water boreholes and electricity. The other five were ignored, breeding tension and mistrust between them.<sup>170</sup>

In summer 2005, armed conflict erupted between the rival factions of Friday Edu and SK Agala.<sup>171</sup> According to reports, SK Agala’s faction was forced out of the community and a number of people were reported killed, including Victor Wokoma, a prominent community member. Counter-raids by SK Agala followed in which dozens of gang members and local residents were reported killed. Media reports stated that Rumuekpe was “littered” with corpses in the aftermath.<sup>172</sup>

The local conflict soon spilled over and created regional instability. Displaced villagers were hunted down on the streets of Port Harcourt and killed

in their homes, schools and workplaces in reprisal attacks.<sup>173</sup> Gangs active in Rumuekpe collaborated with prominent criminal networks in Rivers State and played a double role as MEND militants.<sup>174</sup>

MEND activity in Rumuekpe seriously disrupted Shell’s operations and sent shockwaves through world markets. On 28 July 2008, MEND’s Operation Hurricane Barbarossa struck Shell facilities in Rumuekpe and Kula.<sup>175</sup> Crude oil prices soared on the news that the pipelines were ablaze.<sup>176</sup> Within two months MEND returned to attack in broad daylight. An e-mail from MEND spokesperson, Jomo Gbomo, stated that:

*A very major trunk crude oil pipeline we believe may belong to both Agip and Shell has been blown up today, September 17, 2008 at about 0930 Hrs by our explosive specialists at Rumuekpe.*<sup>177</sup>

Although MEND’s attacks could not be independently verified at the time, Shell declared a ‘force majeure’ on its Bonny exports from the date of the first reported attack onwards, cancelling global shipments of Nigerian crude.<sup>178</sup> The breakdown in stability in Rumuekpe opened the space for militancy to thrive.

#### Fuelling the crisis:

Even as factional strife in Rumuekpe killed dozens of people and destroyed the community and Shell’s infrastructure, SPDC continued with its routine activities. A Shell manager told Platform that:

*One good thing about their crisis was that they never for one day stopped us from production.*<sup>179</sup>

To secure access to its facilities, Shell used practices that exacerbated human rights abuses and became central to the dynamics of the conflict. Platform interviewed ex-gang members from both factions, who set aside their differences to sign a peace accord in 2008. They claim that Shell provided regular funding to both gangs throughout the conflict. In “the heart of the war” in 2006, Shell is said to have awarded maintenance contracts relating to its oil wells, the Trans-Niger Pipeline, its booster station and flowstation to Friday Edu’s gang.<sup>180</sup>

After SK Agala’s counter-raid left Rumuekpe “littered” with corpses, Shell allegedly switched sides and initiated payments to Agala.<sup>181</sup> The company paid whoever controlled access, even if that meant paying known criminal gangs. Chukwu Azikwe, an ex-gang member with Agala’s faction, told Platform:

*What SPDC were doing is that they started funding SK and his group... we were given money to our group and that is the money we were using to buy ammunition, to buy this bullet, and every other thing to eat and to sustain the war.*<sup>182</sup>

But the relationship was complicated. SK Agala’s gang was both a ‘beneficiary’ of Shell contracts and an adversary responsible for vandalizing Shell pipelines and extorting money from the company. As Chukwu explained:

*At the time, we will vandalise [Shell's] pipe. They will pay ransom. In fact the company were even very comfortable. When you vandalise their pipe, some of them in the management of the company will bring out money, dole out money into this place, in cash.<sup>183</sup>*

In one example, admitted by a Shell manager, the company paid out a contract for ₦9 million (\$57,989) “to create one or two roads” in response to a threat to damage oil pipelines in the area.<sup>184</sup>

Shell's payments escalated the conflict in Rumuekpe. Both gangs became locked into fierce competition over access to company resources, with Shell's payments to one faction provoking violent rivalry from the other. According to Chukwu:

*The [rival gang] will come and fight, some will die, just to enable them to also get [a] share. So the place now becomes a contest ground for warring factions. Who takes over the community has the attention of the company.<sup>185</sup>*

The allegations of ex-gang members are largely substantiated by the testimony of a company official. Platform interviewed a Shell manager who confirmed that during one of the worst years of violence in 2006, Shell awarded six different types of contract in Rumeukpe, worth thousands of dollars each month (see **Appendix 1** for details). According to the Shell manager:

*It got to a point when we noticed because of the insecurity even most of the boys doing the job had fled away from that area. We called them and told them that “look, we will no longer pay you these contracts at the rate you wanted, because we've noticed you're people are no longer there.”<sup>186</sup>*

Even at that point Shell did not terminate the contracts. It simply reduced the bonuses that were being paid to Rumuekpe's ‘ghost workers’. The manager explained:

*Production never cease[s] in all these places ... That can be justification for keeping the workers there. Even though people were afraid to carry out compliance monitoring to find out who is on duty and who is not on duty. But they were given benefit of the doubt.<sup>187</sup>*

Eventually, the company terminated some, though not all, of the contracts. But by then it was too late. The violence had already reached inside the Shell flowstation:

*Somebody came in [to the flowstation] and cut off somebody's hand. Based on that, we had to vacate the place. They vacated and then we stopped the contract entirely.<sup>188</sup>*

Other contracts to “maintain the pipeline right of way” continued throughout the entire conflict, as did one-off contracts created in response to specific

threats. Shell distributed cash and contracts to known armed criminals during three bloody years of the conflict in Rumuekpe, and substantially contributed to the gross human rights abuses that occurred.

According to the International Commission of Jurists Expert Legal Panel on Corporate Complicity in International Crimes, a company exacerbates human rights abuses when its conduct aggravates conflict and increases the range, number and severity of human rights abuses that occurred.<sup>189</sup> Shell's payments to gangs in Rumuekpe, which enabled them to sustain the conflict, clearly meet these criteria.

Moreover, it is highly likely that Shell was aware that it was helping to fuel the conflict in Rumuekpe, since company workers visited the community on a regular basis.<sup>190</sup> Even if Shell management was somehow unaware of the violence, media reports were publicly available.<sup>191</sup> Members of the community reportedly wrote to Shell to request that the company stop awarding contracts to gang leaders, such as Friday Edu.<sup>192</sup> Shell appears to have made ongoing payments in the full knowledge that the money was being used to sustain the violence.

#### **The response from the authorities:**

The dynamics of the Rumuekpe crisis were affected by the explosion of political violence in Rivers State around the national elections in 2003 and 2007. During that period, politicians used public funds to sponsor armed gangs who violently rigged votes and destroyed political rivals.<sup>193</sup> In Rumuekpe, Emeka Woke, a Local Government Chairperson and associate of the notoriously corrupt ex-governor of Rivers State, Peter Odilli, is alleged to have provided financial backing to SK Agala's faction.<sup>194</sup>

From 2003 onwards, the Federal Government deployed a heavy JTF presence in Rumuekpe, but this failed to allay the crisis. The JTF allowed armed gangs to roam with impunity. The gang leaders responsible for orchestrating the violence were never apprehended. Oil bunkering and serious criminal activities, including murder and kidnapping, took place under the JTF's watch.<sup>195</sup> While the official purpose of the JTF was to protect oil staff and facilities, personnel from the Nigerian Civil Defense Corpshave implicated both the JTF and MoPol in oil bunkering activity in Rumuekpe.<sup>196</sup>

In July 2006, the JTF allegedly arrested and beat 18 people from Rumuekpe. Some were detained for up to 3 months in Port Harcourt Prison.<sup>197</sup> Despite their record of systematic repression, Shell relied on the JTF to provide ‘security’ for its operations. JTF soldiers guarded Shell facilities and a JTF barracks was located inside the gates of Shell's booster station. Shell staff travelled with armed JTF escorts on regular visits to its facilities.<sup>198</sup>

Neither Shell, nor the government authorities, took effective steps to halt Rumuekpe's slide to destruction. “[Shell] were going to their job, doing their operation, servicing their manifold,” said youth leader Matthew Chizi:

*They never cared that people were dying. They never did anything to call the crisis to order. Rather they were using military to intimidate the community.<sup>199</sup>*



**Conclusion:**

The Rumuekpe crisis was entirely avoidable. Had Shell resolved the land dispute and worked in partnership with the Nigerian authorities to address Rumuekpe's basic development needs, the risk of conflict would have been considerably lower. Instead, Shell operated for decades without an MoU, polluted the community and distributed 'community development' funds through an individual who had lost the confidence of the community. Once conflict erupted, Shell paid the perpetrators of gross human rights abuses as long as they controlled access to oil infrastructure. The cumulative impact of Shell's mistakes was devastating.

Rumuekpe has endured over three years of communal conflict and decades of pollution and economic marginalisation. With support from local civil society groups such as Social Action and Hope for the Hopeless, often working at great personal risk, the survivors of the crisis have been able to negotiate a peace agreement.

When Platform met with elders and youths from the community in late 2010, their priority was to return home and rebuild their lives.<sup>200</sup> But as of then, the government, Shell and the other oil companies refused to enter discussions with them. When the community asked Shell for relief materials, Shell's gave a pointed refusal:

*[Shell] did not cause your situation ... You people just deliberately fought one another and [that] had nothing to do with Shell.*<sup>201</sup>

The Nigerian authorities have failed to adequately fulfill their duty to protect the internally displaced people from the Rumuekpe crisis.<sup>202</sup> The JTF has continued to use heavy-handed repression in response to protests against Shell contractor NDPR.<sup>203</sup> The risk of future conflict also threatens the current peace agreement.<sup>204</sup>

Until Shell prioritises the safety and welfare of local communities over the security of access to its oil facilities, it is possible that Shell will continue to contribute to communal crises of the same magnitude as Rumuekpe.

**2.2 Joinkrama 4**

In March 2007, armed militia attacked the village of Joinkrama 4 (JK4, also known as Edagberi).<sup>205</sup> Shell and the Nigerian authorities are alleged to have supported the faction who displaced the incumbent community leaders and brought intermittent terror to JK4.

**Background:**

JK4 is a village community in Rivers State. It is one of four sub-communities in Joinkrama, clustered around the Adibawa oil field, a long term Shell asset. The company arrived there in 1965 and started production by 1971. Today Adibawa produces approximately 20,000 barrels of oil per day from 44 oil wells and hosts key pipelines in the region.<sup>206</sup> For over 4 decades, Shell's ageing pipelines have conveyed crude oil from Adibawa, with frequent ruptures en route.

Oil spills have had a terrible impact on Joinkrama, contaminating the water and land which the rural communities depend on.<sup>207</sup> Between 2006 to 2009, JK4 documented sixteen oil spills which devastated the fisheries of Taylor Creek and destroyed hectares of farmland in violation of basic human rights to health, food, clean water and livelihood.<sup>208</sup>

Many of Shell's pipelines have not been replaced since the 1970s. A Shell official in Nigeria informed Platform that the low integrity and poor maintenance of the company's pipelines has led to an epidemic of oil spills and incited conflict. He described Shell's 18 inch Adibawa delivery pipeline as "highly corroded" and notorious for oil spills:

*We were having a lot of pipeline ruptures, not due to sabotage. The [Adibawa] pipeline was very aged. This pipeline has been operated for 45 years. More than ... the normal lifecycle of the pipeline... Most of the leaks we had there were attributed to natural corrosion failure. So we were being constantly made to pay compensation.*<sup>209</sup>

By the time Shell replaced the pipeline in 2009, pollution in the community had become a major source of tension:

*People were feeling bad about [the pollution]. The clean-up cost [was] making [Joinkrama] notorious... [The] leaks did not help our relations at all.*<sup>210</sup>

Nine further oil spills were recorded in August 2011 as Shell lost control over this key pipeline (see box 'Poor community engagement' below).<sup>211</sup> In addition to recurrent oil spills, Shell's Adibawa flowstation has flared gas 24 hours a day for decades, releasing a mixture of toxic chemicals, including benzene into the local environment.

**The polluter profits?**

A recent twist in the ongoing gas flaring saga is likely to anger local communities even further. The Adibawa gas utilisation project in Joinkrama 4 is one of seven projects in Nigeria to use the Clean Development Mechanism (CDM) under the Kyoto Protocol.<sup>212</sup> The CDM enables Shell and the Nigerian government to leverage funds from the public and private sector in order to reduce carbon emissions from gas flaring. The World Bank has provided additional support for these public-private partnerships. In Nigeria, oil companies "can create an additional revenue stream from gas flare-out projects."<sup>213</sup>

*The CDM allows companies with approved projects in developing countries that reduce emissions to sell the emission reductions to a developed country with emission targets.*<sup>214</sup>

In other words, the CDM rewards Shell and the Nigerian government with lucrative opportunities in emissions trading, despite the fact that both actors are legally obliged to end gas flaring. The Nigerian government has argued for extensions to the deadline for ending gas flaring so that SPDC can

take full advantage of CDM credits.<sup>215</sup> Instead of adhering to the global ‘polluter pays’ principle, SPDC’s use of CDM in Nigeria could make more profit for the polluters.

After four decades of oil extraction, locals in JK4 suffer endemic poverty, high unemployment and environmental degradation. “They are making money from our suffering,” one youth told Platform. “In a community that has given so much, there is still no drinking water.”<sup>216</sup> It took 29 years before Shell signed their first MoU promising community development, in 2000. Implementation of the MoU has been piecemeal, and today the community lacks clean water and sanitation. Exiled Chief Walter Onisolaime of JK4 told Platform “there is no water to drink in that community. They are still drinking by the creeks.”<sup>217</sup>

When Shell’s ‘development’ projects were implemented, they were distributed in a divisive and unequal manner. Chief Walter reportedly requested that the four sub-communities in Joinkrama should benefit equally from Shell’s projects.<sup>218</sup> This would have eased tension between the communities over access to oil company benefits. Chief Walter’s request went unheeded<sup>219</sup> and the company chose to ignore three out of four communities in Joinkrama.<sup>220</sup> Communal tension was further exacerbated by the prospect of increased rents and royalties from a new gas project Shell was planning at Adibawa.<sup>221</sup>

On 3 March 2007, JK4 held an election for community leadership. Chief Walter and Onisoman Zudonu were among the main contestants. The competition was intense and the results of the election were disputed. On 13 March 2007, a rival faction (opposed to Chief Walter) used armed militia to attack the community, loot houses and burn vehicles. The new faction attempted to rule JK4 through terror for the next three years.

In 2009, the conflict in JK4 escalated as militia and government security forces violently repressed the community.<sup>222</sup> On the morning of 5 November 2009, militia from the new faction attacked JK4 with guns and machetes. The aftermath was documented in graphic photo evidence seen by Platform. Patrick Onifoya, a Pastor in his thirties, was at home at the time of the attack. Armed militia shot and killed Patrick outside his home.<sup>223</sup> They dumped his corpse in a river, where it was later found and identified. Another man named Perfect Mark was shot in the waist. A boy known as Brodie was also seriously wounded by a knife wound to the shoulder.<sup>224</sup>

Community members fleeing the violence were displaced into makeshift camps and neighbouring villages, where they remained several years later. “The conditions we live through are terrible,” a local youth told Platform in late 2010.

*Each day I cannot sleep in my house ... we hide ourselves for security. We live in fear. To even get food to eat, to manage with a family is difficult... If these things aren’t stopped, my community is heading for extinction.*<sup>225</sup>

Despite a Federal High Court injunction against the new faction, in April 2010 they formed a ‘caretaker committee’ to replace Chief Walter and the Council of Chiefs.<sup>226</sup>

### The role of Shell:

According to the Council of Chiefs, Shell admitted providing support to the new faction from 2007 onwards.<sup>227</sup> Referring to the community election, one member of the Council explained that “Shell knew if [Chief Walter] comes back, he will demand more.”<sup>228</sup> Shell has denied supporting the new faction and claims that during the election they were “not on any side”.<sup>229</sup> However, a Shell official informed Platform that the company would not be “too neutral” in its response to communal conflicts, and in JK4, Shell aligned itself with the new faction that attempted to violently seize power:

*We were able to help the “caretaker committee” establish a new bank account, have access to this their money [and] have other things coming to them. We started receiving a good relationship with them.*<sup>230</sup>

Platform has seen contracts which confirm that Shell rewarded violence in JK4. In three contracts dated 23 April 2010, Shell paid ₦3,732,000, (\$24,000) to the leader of the ‘caretaker committee’.<sup>231</sup> According to Chief Walter, in early 2010, Shell paid a further ₦21 million (\$135,300) in ‘community development’ funds to the ‘caretaker committee’.<sup>232</sup> Intentionally or otherwise, Shell was financing those responsible for human rights violations in JK4.

Consistent reports from the community and civil society suggest that Shell staff have become complicit in recent pipeline sabotage incidents in JK4. In early January 2010, the Council of Chiefs met with Shell’s Community Interface Coordinator, Harold Nwokolo, in a last ditch attempt to resolve some of the community’s problems. Although the Council identified some of the individuals suspected of oil bunkering,<sup>233</sup> Shell’s Community Relations department is alleged to have continued awarding contracts for pipeline “repairs” and oil spill “recovery” to the same individuals.<sup>234</sup>

In September 2010, Environmental Rights Action (Friends of the Earth Nigeria) reported that a recent oil spill was “engineered” by Shell staff in collaboration with local youths in JK4.<sup>235</sup> Once the oil spill occurred, Shell staff allegedly awarded clean up contracts to their personal networks, and shared the profits.<sup>236</sup> The Council of Chiefs allege that Shell Community Relations Officer East, Tunde Joel, has benefitted from the clean up contracts in JK4.<sup>237</sup> The result is that Shell’s “clean ups are inadequate. They frequently scoop up oil on surface, dump and burn it,” a local youth reports.<sup>238</sup> Shell’s unwillingness to stem internal corruption around oil spills has worsened the environmental devastation and aggravated tensions in JK4.

### The response from the authorities:

Since 2007, supporters of Chief Walter have been targeted with arbitrary arrest and detention, beating and cruel and inhumane treatment. On one occasion, police allegedly hauled a youth leader into the road and staged a mock execution.<sup>239</sup> On 14 January 2010, the Rivers State government sent MoPol from squadron 48 into JK4. MoPol targeted the supporters of Chief Walter, shooting a pregnant woman, Matron Orugbani, in the chest. Matron was reported to have miscarried soon after the shooting due to loss of blood.<sup>240</sup>



**Chief Walter Onisolaime  
of Joinkrama 4**  
Photo: Ben Amunwa / Platform



**In January 2000, David Njobuenwu, a  
father of three, was shot in the leg  
following peaceful protests against  
Shell in Elelenwo, Port Harcourt**  
Photo: Ben Amunwa / Platform



On 15 February 2010, the Rivers State government declared a state of emergency, imposed a curfew and froze the accounts of the community, claiming that the Council of Chiefs “have remained a stumbling block to the restoration of peace in the Area.”<sup>241</sup> By deploying MoPol the Rivers State government has shown disregard for human rights and the rights of internally displaced people.<sup>242</sup> The Council also alleges that Local Government Chairperson, Miller Awori provided continual support for the ‘caretaker committee’.<sup>243</sup>

#### Conclusion:

In a statement, Shell denied responsibility for the conflict and claimed the Council of Chiefs was “dragging [Shell] into the leadership tussle in their community, which has nothing to do with [Shell].” The company accused the Council of “nullifying the steps taken by the Rivers State government in bringing sanity into the community.”<sup>244</sup>

The Council allege that Shell took sides in early 2007, before the conflict erupted. Shell accepted the ‘caretaker committee’ as legitimate business partners. Despite their links to repeated violent attacks and the loss of life and property, Shell helped the ‘caretaker committee’ establish a bank account into which the company channelled ‘development’ funds with no apparent safeguards. The company rewarded violence in JK4, allegedly transferring over an estimated \$159,000 to persons responsible for killing, causing serious injuries and the displacement of significant numbers of people.<sup>245</sup>

Shell’s conduct contributed to a climate of fear in which human rights abuses and oil bunkering proliferated. Shell’s interventions into local politics lacked competence, were disastrous for the victims, and turned JK4 into a flashpoint of conflict.

#### Poor community engagement:

It is likely that Shell will find it hard to extricate itself from the contracts and criminal alliances it has established in the Adibawa area.<sup>246</sup> On 3 August 2011, Shell’s Adibawa flowstation was shut down following a series of oil spills of unknown causes. Between 2 and 15 August, the Okordia – Rumuekpe trunk line in the village of Ikarama in Bayelsa State was attacked by local youths furious over the company’s sudden withdrawal of ‘security contracts’.<sup>247</sup>

Shell’s press statement in Nigeria attributed these attacks to “unknown persons”,<sup>248</sup> but this appears to conflict with Platform’s investigation. It should be recalled that according to a Shell contractor in Ikarama, Shell had awarded “floating” contracts to pacify an armed gang who had previously sabotaged the company’s Okordia manifold in February 2008. A Shell manager gave Platform this account of the chaotic decision-making that sparked the August 2011 incident:

*Recently we were planning to cut down on cost. And some people said, “well, such special surveillance services [‘security contracts’] should no longer exist. We should terminate them.” Unfortunately [the] information did not get to people like us to ... engage [the youths], to tell them “look this is what is coming.” So all of a sudden ... they got letter[s] of termination. Before we knew it, just within one day they [had] created 7 leak points.”<sup>249</sup>*

On 21 August, as news of more leaks from the Adibawa - Okordia pipeline emerged,<sup>250</sup> Shell managers scrambled to reverse the company’s official position:

*Quickly we started calling [the youth] to say, “... ignore all such text messages telling you of termination. No job has been terminated. You are still working.”<sup>251</sup>*

A total of twelve oil spills were recorded as disgruntled youths in the Adibawa area set upon the pipelines with hacksaws.<sup>252</sup> In one fell swoop, a third of Shell’s oil production in Nigeria, some 300,000 barrels per day, was knocked out. Shell declared a ‘force majeure’ on Bonny crude oil exports until the end of October, cancelling global oil shipments.<sup>253</sup> The incident provides yet another example of how Shell’s ‘security contracts’ and chaotic community engagement have backfired, resulting in costly setbacks and an unknown quantity of environmental pollution in the Adibawa area, with the village of Ikarama affected particularly badly.

#### 2.3 “Operation Restore Hope”: the raid on Odioma

On 19 February 2005, the JTF launched a raid on Odioma, a small village in Bayelsa State. The stated aim of the raid was to halt a communal conflict in Odioma and apprehend local militia wanted for their alleged killing of 12 people, two weeks earlier.

Over a period of four days, the JTF razed 80% of the houses in the community using gun boats and machine guns. As documented by Amnesty International, 17 people were killed in the attack. A woman named Balasanyun Omieh, aged 105, and two year-old Inikio Omieye were burned to death along with 14 others. The JTF shot dead three people and a number of women and children drowned trying to escape. At least two women were raped by soldiers, and many more people were injured and displaced.<sup>254</sup>

#### Background:

The destruction of Odioma had its origins in a dispute between neighbouring communities over the ownership of an oil site which Shell planned to develop since 1998. While the dispute was ongoing, Shell mistakenly identified the owners of the site as the Obioku and Nembe-Bassambiri communities and commenced its oil activities there. The company sent a survey vessel to the disputed site on the Santa Barbara River on 29 January 2005, but it was forced out when Odioma youths protested against the company’s presence.<sup>255</sup>

Shell subsequently awarded ‘security contracts’ to a local company called Geomatics, which sub-contracted Octopus Holdings who then hired a known criminal gang in Odioma, called the ‘Iseinasawo’, a group previously armed by local politicians during the 2003 elections. Amnesty International expressed concern that these contracts may have helped escalate the intra-communal conflict that followed between Odioma and its neighbours.

On 3 February 2005, an unidentified armed group from Nembe attacked a speedboat with four local counsellors and eight other passengers on board,

killing twelve people. Both Odioma and Obioku communities blamed each other. Obioku blamed the 'Iseinasawo' (based in Odioma) for the killings, but the gang's leader denied this. The military sided against Odioma, and punished the entire village with raids on 19 February 2005.

Brigadier-General Zamani claimed that the JTF met armed resistance from the village. Zamani provided only slender evidence for the claim that the JTF seized weapons in Odioma. A judicial enquiry into the massacre, by Justice Moore Adumein in June 2005, was never made public.<sup>256</sup> Over 6 years on, none of those responsible for the JTF's excessive use of force have been held accountable.

### Conclusion

Shell contributed significantly to the communal conflict in Odioma, by misidentifying the owners of the oil site, sending a vessel into disputed waters and dealing with local contractors who may have exacerbated tensions.

While primary responsibility for the raid lies with the JTF, the intervention of government forces resulted from Shell's failure to act with due diligence and avoid the clearly foreseeable risk of conflict. Shell and other oil companies also bear a heavy moral responsibility for the JTF's brutality. According to security analysts, the JTF's "Operation Restore Hope" was "instigated at the request of the oil companies."<sup>257</sup>

### 3. Cowboy contractors:

Shell's vast infrastructure in Nigeria has been largely built and maintained by an "army"<sup>258</sup> of subcontractors. SPDC depends on contractors (sometimes called 'oil service firms') to perform operational activities that range from seismic surveys to drilling.<sup>259</sup> Without them, Shell would struggle to meet its monthly targets for oil extraction in Nigeria.

Multinational subcontractors like Halliburton and Schlumberger conduct "huge" amounts of construction work in the Delta,<sup>260</sup> but have low incentives to maintain good relations with village communities. Hired for short-term, time-sensitive projects and guarded by armed JTF patrols, some contractors have started and finished major works without properly consulting locals or obtaining their consent.<sup>261</sup> Historically, Shell contractors like US-based Willbros have been implicated in military brutality such as the shooting of Karalol Kogbara, an Ogoni woman who was protesting against the bulldozing of her crops.<sup>262</sup>

According to one internal report in 2003, contractors were responsible for 70% of the conflicts with local communities that resulted in work stoppages. Shell staff have also alleged that contractors deliberately create conflicts with local communities to claim extensions on their contracts, or other benefits.<sup>263</sup> In one high-profile incident in February 2009, Saipem, a subsidiary of Eni, laid a pipeline across Taylor Creek which blocked the waterway and threatened the livelihoods of local women in Ogboloma. The women occupied the construction site for nine days, forced Saipem to leave and a major Shell project ground to a halt.<sup>264</sup>

Since 2006, Shell has decreased its oversight and delegated community engagement and security matters to its subcontractors.<sup>265</sup> This has led to confusion over roles and responsibilities, poorly coordinated strategies and practices, and added to a downward spiral of insecurity.<sup>266</sup> In the absence of effective supervision and controls, contractors have replicated many of Shell's mistakes by breaking promises on local development and relying heavily on government forces. They have also been implicated in divisive corporate practices and community conflicts. Between 2004 to 2009, subcontractors were regularly attacked, killed or kidnapped by insurgents. In the view of a senior Chevron security consultant, many contractors were targeted by MEND because of their bad relations with local communities.<sup>267</sup>

Shell's level of responsibility for the human rights abuses of its subcontractors will vary from case to case. However, the UN Guiding Principles on Business and Human Rights requires companies to "seek to prevent or mitigate human rights impacts" arising from their "business relationships".<sup>268</sup> This includes Shell's relationships with its contractors, who are "directly linked to its business operations."<sup>269</sup>

Shell has a duty to select contractors who do not have a poor record of abusing human rights. Once selected, Shell must closely monitor the contractor and enforce compliance with SPDC's policies and guidelines. The lack of uniform policies for community engagement across the oil industry, and the tendency of contractors to cause conflict require a higher level of vigilance from Shell and greater oversight from the Nigerian government. As Professor J.G. Frynas observes, even if uniform policies were imposed, there is no guarantee contractors will obey the rules.<sup>270</sup> The government has done nothing to ensure that contractors comply with social and environmental standards and laws, including Nigerian firms that are benefitting under new local content laws in the oil industry.

As it stands, Shell's willful blindness to the consequences of hiring contractors known to abuse human rights does not relieve the company of responsibility. As the International Commission of Jurists state:

*...no prudent company would seek to protect itself from legal liability by a "don't ask, don't tell" approach to certain risks...such a strategy will not be rewarded by the law, and instead of minimising a company's chances of legal accountability, will increase the zone of legal risk.<sup>271</sup>*

The onus is on Shell and the Nigerian government to ensure that contractors properly implement social and environmental policies and adhere to guidelines on security and human rights. But unless these requirements are included as contractual provisions with stringent penalties for breaches, Shell contractors will keep having a negative impact on local communities.

#### 3.1 Halliburton and Kellogg Brown & Root in Elelenwo

On 13 January 2000 at approximately 9am, a large convoy of heavily armed Nigerian police in jeeps and armored cars arrived at Elelenwo in response to peaceful protests. Police allegedly arrested five youths and began beating

several others.<sup>272</sup> A Shell Community Liaison Officer (CLO), whose job is to mediate conflicts through “peaceful means”,<sup>273</sup> accompanied the police to forcibly recover seven company vehicles. The vehicles were being used by a Shell subcontractor, Dresser Kellogg, and had been impounded by local youths who were protesting for jobs. The police fired tear gas and live bullets into the air to disperse local residents. David Njobuenwu was on his way home when District Police Officer Onyeka of Mini-Okoro Police Station allegedly took aim and fired. The bullet hit David’s right leg and left a hole in the wall of his family home, still visible over ten years on. David remembers the moment clearly. “Everyone started running away. It was my little sister who drew me out from the main road when I fainted.”<sup>274</sup>

Local medical staff were afraid to treat David due to police intimidation. “Before they started treating me, my leg was already paralysed,” he told Platform.<sup>275</sup> By the time David received treatment, his leg had to be amputated.

#### Background:

Five minutes drive from where David was shot is a massive compound high-fenced with razor wire and bomb-proof gates. This is Shell’s Residential Area (RA), where thousands of Shell employees live, work and enjoy first-rate facilities such as 24-hour electricity, clean water, a swimming pool and a 9-hole golf-course. Some staff only leave the Shell RA by helicopter, or in jeeps flanked by armed MoPol.

In nearby Elemenwo, where Shell has produced oil for over 40 years, living conditions and life expectancy – like elsewhere in the Delta – are dismal.<sup>276</sup> Locals are poverty-stricken. Roads and other infrastructure are severely neglected or non-existent.

In September 1999, Shell awarded a \$200 million contract to oil services firm Dresser Kellogg, an affiliate of former Halliburton subsidiary, Kellogg Brown & Root.<sup>277</sup> The project was to build a gas facility in Elemenwo to reduce Shell’s levels of gas flaring, (see the box ‘Poison Fire’ above).<sup>278</sup> At the time, Halliburton was part of TSKJ, a consortium of companies who had made corrupt payments to the Nigerian regime between 1994-2004 in order to win \$6 billion worth of contracts for the Bonny gas terminal.<sup>279</sup>

As Dresser Kellogg commenced construction of the gas facility, local youths<sup>280</sup> visited their offices in Port Harcourt to appeal for jobs. Dresser Kellogg referred the matter to the Shell CLO, who did not respond to the protestors. The frustrated youths converged on Shell’s main flowstation in Elemenwo, gaining the attention of a Shell surveillance helicopter. Five members of Shell’s SPY police force<sup>281</sup> arrived and promised that SPDC management would meet the protestors within three days. The community gathered for the meeting as planned, but Shell did not attend.<sup>282</sup>

Protestors made attempts to contact both Shell and Dresser Kellogg, but neither company took responsibility, nor did they anticipate the wider resurgence of protest and activism across the Delta region. In December 1998, youth from the Ijaw ethnic group had issued the Kaiama Declaration, which threatened direct action and demanded that oil companies and contractors withdraw from the Delta by December 2000.<sup>283</sup> In response the Federal Government

declared a state of emergency and flooded the Delta with government forces, who committed appalling acts of terror.<sup>284</sup>

The protestors in Elemenwo impounded a fleet of seven pick-up trucks used by Dresser Kellogg, and stopped the company’s construction work. Negotiations over the vehicles allegedly stalled after Shell refused to grant minor concessions to the youth. At this point, Shell abandoned dialogue and collaborated with the police to forcibly intervene.<sup>285</sup> The police repression that followed was part of a wave of brutal state violence sweeping the region.

#### Conclusion:

Ten years after the shooting in Elemenwo, David has continually been denied access to justice. Dresser Kellogg made no efforts to remedy his situation, and Shell’s response lacked transparency. Shell allegedly paid local Chief Godwin Bekwele Wodi an unknown amount of compensation for David’s injuries.<sup>286</sup> In late 2000, David was fitted with a prosthetic limb, which is now in disrepair. No longer able to earn a living as a construction worker, David struggles to feed his family and three children. He filed a lawsuit against Shell, but due to the high cost he was forced to abandon the case.<sup>287</sup>

Speaking to journalists after the shooting, Chief Eric Aso of Elemenwo was scathing of the company:

*Shell has no conscience [except] that of exploitation of the people... No wonder peace has eluded Shell.*<sup>288</sup>

After the police crackdown, the local community refused to consent to Dresser Kellogg’s activities and Shell ceased operations in Elemenwo.<sup>289</sup> In 2003, Dresser Kellogg sued Shell over alleged “professional and ethical conduct and misconduct” in relation to the contract.<sup>290</sup> Meanwhile, Shell has failed to develop alternative means of reducing gas flaring, and is unlikely to meet the latest government deadline for zero flaring by the end of 2012.<sup>291</sup>

Elemenwo’s oil wells are shut for now, but the underlying tensions remain unresolved. In the words of local youth, Stephen Okolo:

*If [Shell] come back to Elemenwo, probably they will have a serious problem. Probably someone may even die.*<sup>292</sup>

#### 3.2 Daewoo in Ogu

In the early hours of 12 January 2009, dozens of women protestors filled the gates of Shell contractor Daewoo’s base in Ogu. The women assembled in front of government forces guarding the facility, singing songs and performing the local ‘ogele’ dance. The women were protesting against Daewoo’s poor record of community engagement and development. Several expat oil workers watched from the base. As jubilation turned to panic, the workers ran inside the office buildings.<sup>293</sup>

At first, the women who entered the base were forced back by armed soldiers. Then JTF re-enforcements arrived in an armoured vehicle and threatened to open fire. Still the women refused to leave. The JTF and MoPol then



attacked the women with rifle-butts, 'koboko' (a whip made of twisted animal skin), belts, iron bars and planks of wood. At least 17 women were seriously injured, ranging from young teenagers to the elderly. Several suffered permanent disfigurement and broken bones, including 70 year-old Susannah Akpo.

Soldiers horse-whipped Ruby Oyinkapreye, aged 20, until she was unable to stand. She told Platform:

*I was standing in the corner because I was ... 6 months pregnan[t]... they were flogging me here [on my belly]. They used koboko... When they have beaten me finish, nobody take care of me. I c[a]me home. When I reached home, I start[ed] to bleed. Bleed until my husband took me [to] hospital. So from here, they have told me that either I will lose my baby or I will take my body safely.<sup>294</sup>*

Ruby was hospitalised for over two weeks as a result of her injuries. She subsequently gave birth to a baby girl. It is still unclear whether the beating Ruby received while pregnant has impacted on the development of her child.

#### Background:

Women in the Niger Delta often survive as subsistence fishers and farmers and are frequently the worst affected by the environmental hazards of oil activities. Yet "when compensation is paid, it is not paid to women, because they don't own the land. They are not even part of the negotiation process," according to women's rights advocate Emem J. Okon, of Kebetkache Women Development & Resources Centre.<sup>295</sup> Companies have excluded women from key decision-making processes, leading to cycles of grievance, protest and repression.

Women's protests in the Delta have raised the cost of oil extraction significantly. Highly organised groups have coordinated mass mobilisation and shut down oil facilities for weeks at a time.<sup>296</sup> In July and August 2002, hundreds of women blockaded facilities owned by Shell and Chevron, protesting against decades of neglect. The so-called 'women's war' of 2002 closed down approximately 25% of Nigeria's oil production for several weeks. Partly due to their effectiveness, they have been the target of brutal military repression.<sup>297</sup>

#### Ogu:

Ogu is a poor community made up of scattered rural settlements along the waterfront at Yenagoa, the capital of Bayelsa State. The local economy relies on fishing, farming and petty trade. In the rainy season, Ogu's internal roads become a single undulating mud-slick, navigable only by motorbike.

Half an hour's canoe ride away is a fortified base where Shell contractor Daewoo Nigeria Ltd<sup>298</sup> is constructing the Eastern Gas Gathering System (EGGS-2), a 40 inch pipeline to link Soku gas plant in Rivers State to Gbarain Ubie oil and gas plant in Bayelsa, as part of a multi-billion dollar Shell project.<sup>299</sup> Protests, community conflicts and work stoppages have all added expensive delays to the Gbarain project, and the failure of Shell and its contractors to resolve issues with communities has held back progress on reducing gas flaring.

Daewoo commenced work on EGGS-2 in 2007 and gained notoriety in Ogu in 2009, when it allegedly bulldozed traditional burial grounds and exhumed 500 burial sites.<sup>300</sup> In March 2009, Governor Timipre Sylva of Bayelsa State ordered Daewoo to shut down its facility after the company's Managing Director failed to attend a "crucial" meeting to settle local grievances.<sup>301</sup> Daewoo ignored Governor Sylva's order and continued its operations.

The women Platform spoke to in Ogu claim they wrote to Daewoo management to discuss community development issues such as water, electricity and sanitation, but their letters went unanswered.<sup>302</sup> Despite Daewoo signing an MoU with the community in 2006, Ogu's basic development needs such as electricity, water and sanitation have not been met.<sup>303</sup> In other communities affected by Shell's EGGS-2 project, Daewoo has a similarly poor record. Daewoo has broken promises it made in Otuasega on community development.<sup>304</sup> Local human rights monitors allege that in late 2009, Daewoo blocked the Kolo Creek, forcing 11 communities, including Otuasega, to drink stagnant water for several weeks and triggering an epidemic of water-borne diseases.<sup>305</sup>

Daewoo's poor community engagement and apathy towards local development has had serious repercussions. The company has been targeted by spectrum of protest, from demonstrations to direct action and armed attacks. Daewoo's heavy reliance on government forces has not helped the situation. An increased military presence at Daewoo's Ogu base proved an inadequate deterrent in January 2007, when armed insurgents overpowered the soldiers and kidnapped at least 10 employees, despite a month's warning and a heightened state of alert.<sup>306</sup> The hostages were reportedly released after three days.<sup>307</sup>

#### Inadequate remedies:

Following the brutal repression of the women's protest in Ogu, the medical centre inside Daewoo's base refused to treat a number of seriously injured women. Emma Dabota suffered a broken arm which took six months to heal. Daewoo medical centre offered her paracetamol and promised to reimburse her medical costs. "Daewoo gave us [a] form," recalled Emma, "they asked us to go and treat ourselves, that they will pay us our money. But they refused... I even have my bill till today."<sup>308</sup> Many women complain that despite making numerous efforts to meet with the company, they have been turned away with nothing.

Subsequently, Daewoo awarded temporary contracts for low-skilled labour to 9 women from Ogu, worth a total of ₦576,000 (\$3,711). But the contracts seen by Platform effectively discharge Daewoo from any further obligations to compensate the women. The contract requires that "all community demands in terms of employment, homage and settlement of any kind shall be the responsibility of the contractor [ie. the women]".<sup>309</sup> Daewoo also undertook to pay the community women ₦70,000 (\$451) per month.<sup>310</sup> Considering at least 17 people sustained injuries, these levels of compensation are wholly inadequate and arbitrary. The exclusion of further community demands in the contract's terms is highly exploitative: the women were protesting for infrastructure and development, not for token compensation.



**Women from Ogu who participated in the protest in January 2009, including several 70 year olds**  
Photo: Ben Amunwa / Platform



**A local woman in Ogu**  
Photo: Ben Amunwa / Platform



Signing the contract for Shell's EGGS-2 project before journalists in 2006, Daewoo CEO Se-Heom Bak was full of promises. "We will not let SPDC down and would also comply with HSE regulations and implement necessary and agreed community development projects."<sup>311</sup> But the CEO's promises were hollow. Three years later, as revealed in the minutes of a meeting between Daewoo and Ogu women on 20 January 2009, Daewoo rejected all community development proposals, with a small exception: "two water floating toilets to be built for Ogu community."<sup>312</sup>

#### Conclusion:

Despite their important role in creating a safe operating environment in the Niger Delta, women have been marginalised by oil company practices which re-enforce gender inequality in the region. Women's interests and safety must be prioritised by oil companies through equal treatment, ensuring participation and conducting gender-sensitive development programmes. In Ogu, Shell and Daewoo have failed to avoid adverse impacts on local human rights and this has caused widespread suffering for women, their families and the community. Despite Daewoo's poor record on human rights and community relations, in May 2010 Shell awarded Daewoo \$171 million to construct a pipeline<sup>313</sup> and in February 2011 a further \$250 million to construct a gas processing facility.<sup>314</sup>

#### 4. Conclusions

##### ■ Under Shell's present security arrangement, no-one is safe.

This report has shown that Shell's dependence on Nigerian government forces between 2000 and 2010 has had grave consequences. Shell has paid, housed and supported government forces who have perpetrated gross human rights abuses. Armed soldiers and police guarding Shell facilities have repeatedly attacked, tortured and killed local residents, including the vulnerable. In some cases, Shell has become complicit in destructive military raids in which soldiers have shown little restraint.

Shell and its subcontractors hide behind a hard shield of military security that effectively severs the link between company operations and the local community. This perpetuates cycles of grievance, protest and repression, as conflicts go unresolved and corporate security budgets continue to rise. Un-supervised Shell contractors have replicated the same mistakes as SPDC. Rather than holding subcontractors like Halliburton, Daewoo and Saipem accountable for their poor performance and human rights abuses, Shell has rewarded them further lucrative contracts.

##### ■ Throughout the worst years of militancy, Shell contributed to and re-enforced a culture of violence that claimed thousands of lives.

By prioritising access to oil facilities over the human rights of local communities, Shell has involved itself in conflicts, divided communities and fuelled bloody and destructive fighting. Shell's routine payments to armed criminal

gangs have exacerbated conflicts, and increased both the range of human rights abuses and the number of casualties.

Frequently, Shell's community engagement has lacked competence. Internal corruption at Shell has continued to undermine the company's conflict resolution programmes and worsened oil spill response and remediation. The routine use of 'security contracts' to pacify restive youths and known criminals has triggered devastating communal conflicts.

##### ■ Shell's practices are undermining the fragile 'peace' in the Delta.

A fresh collapse in stability could be looming as long as the Nigerian state perpetuates its chronic neglect and repression of the Delta and oil companies keep repeating the same mistakes. The knowledge and resources to rehabilitate the heavily polluted environment, resolve conflicts and provide redress to the victims of abuses are available. Every day that Shell, the Nigerian authorities and their international allies delay taking action, the region sinks deeper into crisis.

The widespread, systematic nature of Shell's human rights abuses calls for a strong, concerted response from a wide range of stakeholders. Shell must be held publicly accountable via judicial mechanisms, by governments and parliamentarians in the home states of the UK, Netherlands and US. Shareholders and global civil society play a critical role in their ability to raise these concerns with the company.

##### ■ The safety and security of local communities must be a top priority.

Shell has committed to upholding human rights and should take all necessary steps to do so. This means preventing environmental damage, reducing and removing 'hard' security and establishing relationships of equality and respect with communities. As Nnimmo Bassey, Chair of Friends of the Earth International observed:

*The oil companies and the Nigerian authorities should welcome nonviolent opposition groups; elevating these groups and respecting their positions is one method of combating the support for armed resistance and guaranteeing the security of company facilities. If the people of the Delta see nonviolence delivering better results than violence, the constituency for violence will rapidly diminish.<sup>315</sup>*

Respecting human rights must be more important to Shell than the company's levels of oil extraction and profit margins. A continual failure to act responsibly will only attract more public outrage, financial risks and legal liabilities to Shell's operations.

## 5. Recommendations

Platform believes that while the recommendations below are ambitious in scope, their implementation is necessary to bring about substantial improvements in human rights and regional stability in the Niger Delta.

### To the Nigerian Federal Government:

- Respect the human rights of local communities, and in particular, respect the rights of women in those communities;
- Immediately implement in full the recommendations of the African Commission on Human and Peoples' Rights made in the Ogoni case of 2002, in compliance with the African Charter;<sup>316</sup>
- Take immediate steps to meet Nigeria's obligations under the International Covenant on Economic, Social and Cultural Rights and the African Charter;
- Commit to reforming Nigeria's political system and resolving issues of revenue allocation, decentralisation, democracy, corruption and local political autonomy;
- Undertake a comprehensive clean up of all oil contaminated sites, provide an efficient, transparent and independently monitored mechanism to compensate those affected, and remediate the environment;
- Strengthen the independence, oversight and resources of the regulatory agencies responsible for oil industry (National Oil Spills Detection and Response Agency, Ministry of Environment and Department for Petroleum Resources);
- Disarm, demobilise and reintegrate the large numbers of military forces currently on assignment in the Niger Delta;<sup>317</sup>
- Launch independent investigations into all credible reports of human rights abuses and corruption in the Nigerian military and police force, including the highest ranking officials, and hold the perpetrators to account by terminating their employment and where appropriate through public prosecution.

### To the Nigerian House of Representatives and the Senate:

- Repeal laws which have failed to protect the rights of local residents against infringement by the oil industry and Nigerian authorities, including the Land Use Act 1978, Petroleum Act 1990, the Oil Pipelines Act 1990 and other subsidiary legislation;
- Reject any provisions in the Petroleum Industry Bill that undermine the human rights and environmental protection of local communities.

## To Shell Petroleum Development Company (and other oil companies in Nigeria):

### Security:

- Prioritise the safety and security of local communities, in particular vulnerable groups, over access to oil infrastructure and oil extraction targets;
- Reduce and eliminate dependence on government forces. Where this is not feasible, cease operations in those areas until conflicts are resolved;
- Where company operations do continue to rely on reduced government forces, provide more resources to safeguard against human rights abuses. Discourage or ban the use of live ammunition and of loaded firearms;<sup>318</sup>
- Take all necessary steps to screen hired security personnel for previous human rights violations or excessive use of force, and prevent those individuals from providing company security;
- Ensure all credible allegations of human rights abuses by security staff and contractors are properly investigated and where investigations are conducted by the Nigerian authorities, monitor the process and press for proper, transparent resolution within a reasonable time;
- Investigate all credible allegations of unethical conduct and corruption associated with Shell personnel, and promptly take action to terminate the employment of those implicated, referring them to the Nigerian authorities for prosecution;
- Stop hiring private military and security companies (PMSCs) that are known to exacerbate conflicts;
- Keep records of all incidents in which local residents have been killed or injured by government forces and hold the perpetrators accountable. Make this information publicly available within a reasonable time;
- Initiate transparent and independent grievance mechanisms that enable the victims of Shell-related human rights abuses to gain direct access to full and adequate compensation and remedies in a reasonable time;
- Publicly review and overhaul Shell's community development and engagement practices. Emphasise meaningful consultation, project participation, sustainability and the involvement and participation of women in decision-making processes;
- Publicly review and overhaul Shell's risk management procedures and practices to include all sectors of local communities and to build shared safety and security;

- Monitor and strictly enforce compliance with Shell Nigeria's guidelines on the use of force and the United Nations Code of Conduct for Law Enforcement Officials;
- Phase out the hiring of local youths to protect oil facilities and work in partnership with the Nigerian authorities to support a transition to professional, community-focused policing under a shared security model;
- Make full compliance with environmental and human rights guidelines a contractual obligation for all subcontractors;
- Uphold Shell's obligation to respect human rights under the UN Framework for Business and Human Rights by taking all necessary steps to avoid the risk of abuses.

**Transparency:**

- Change accounting procedures to publish line item reporting of payments to the Nigerian government, police and military;
- End all forms of cash payments, contracts and 'stay at home' payments to individuals and groups who pose foreseeable risks to stability and human rights;
- Publish SPDC's guidelines on the use of force and procedures for security incidents, plus any agreements with the Nigerian government which govern or affect company security arrangements. Initiate a public consultation and review of Shell's security strategies, policies and practices which fully includes local communities.

**Environment:**

- In partnership with the Nigerian government, immediately undertake a comprehensive clean up of all oil contaminated sites, taking the UNEP emergency measures and recommendations into account and ensure that funding is not an obstacle to this process;
- Provide an efficient, transparent and independently monitored mechanism to trace and document oil spills and to compensate those affected;
- Remediate the environment according to international best practices and subject to ongoing independent monitoring;
- Prevent future oil spills by immediately improving the maintenance and replacement of oil infrastructure and using state of the art technology for detecting problems;

- Respect the right of local communities to give or withhold their free prior and informed consent; ensure full and effective participation of local communities in planning, decision-making and negotiation over any new infrastructure projects;

- Immediately end the illegal practice of gas flaring.

**To shareholder investors in Royal Dutch Shell plc**

- Oppose the planned expansion of Shell's operations in Nigeria and urge the company to focus on addressing its legacy of environmental and social impacts in the interests of long-term stability in Nigeria;
- Call for executive and managerial remuneration to be tied to measurable improvements in environmental and social performance, as determined by independent external criteria;
- Urge Shell to disclose more information on credible allegations of human rights abuse, corruption and the potential future liabilities arising from its environmental and social impacts in Nigeria.

**To the governments of home states in the UK, Netherlands and US:**

- Condemn the excessive use of force and widespread human rights abuses in the Niger Delta;
- Exert pressure on the Nigerian government, in public and private, to respect human rights and to pursue non-violent means of resolving the underlying causes of the crisis;
- End all forms of oil-related military aid and arms procurement sales to Nigeria;
- Require Shell and other oil companies to disclose information on allegations of human rights abuse; compel companies to take the steps outlined above and monitor the company's human rights performance;
- Hold Shell publicly accountable for its human rights abuses in Nigeria and compel the company to adhere to European regulations on environmental and social performance abroad;
- Support an internationally binding mechanism for holding corporations accountable for human rights violations in a forum that is accessible to the victims;
- Implement legislation to establish interim mechanisms that provide effective and efficient access to justice for the victims of corporate human rights abuses abroad.

**To oil service contractors:**

- Respect human rights and adhere to the environmental, social and transparency guidelines as outlined above;
- Work towards and apply uniform policies on community engagement and development across the oil industry.

**Appendix 1:****Shell contracts awarded in Rumuekpe in 2006:<sup>319</sup>**

Contact	Value in ₦, per month	Equivalent in \$, per month
Special surveillance services	160,500 per person per km.	1,034 per person per km.
Flowstation guarding	450,000*	2,900*
Grass cutting	22,500 per person per km	145
Maintenance of well head	Unknown	Unknown
Maintenance of gas flare pit	Unknown	Unknown
Pipeline right of way	Unknown	Unknown
<b>Minimum total per month</b>	<b>₦633,000</b>	<b>\$4,079</b>
One-off contract for road building	₦9,000,000	\$57,989

\*Distributed to 9 persons.





**Women stands beside  
a leaking oil well-head**  
Photo: George Osodi



**A boy stands between  
pipelines in Okrika, Rivers State**  
Photo: George Osodi

- 1 / See 2.2 on Joinkrama 4.
- 2 / See 2.2 on Joinkrama 4. Also John Vidal, The Guardian, Shell's failure to protect Nigeria pipeline 'led to sabotage', <http://www.guardian.co.uk/environment/2011/aug/25/shell-oil-export-nigeria-pipeline-sabotage>, 25 August 2011.
- 3 / Report of Technical Committee on the Niger Delta, vol. 1 (2008): p 120-121, [http://www.mosop.org/Nigeria\\_Niger\\_Delta\\_Technical\\_Committee\\_Report\\_2008.pdf](http://www.mosop.org/Nigeria_Niger_Delta_Technical_Committee_Report_2008.pdf).
- 4 / WAC Global (2003): Peace and Security in the Niger Delta, p 5, [http://shellnews.net/2007/shell\\_wac\\_report\\_2004.pdf](http://shellnews.net/2007/shell_wac_report_2004.pdf).
- 5 / Peter Maass, 2009, Crude World, p 78. Also see Kenneth Omeje, (2006): High stakes and Stakeholders, p 78.
- 6 / 'Youth' is a Nigerian term to "describe all young men who have not reached the status of "elder" in their communities: it is a flexible term that includes people up to the age of forty, or sometimes older. Most communities will have an organized youth association encompassing all the young men living in the village that will be formally consulted when community decisions are made. In addition, there may be separate youth organizations acting outside formal community structures." Human rights Watch (2005): Rivers and Blood, p 2, <http://www.hrw.org/reports/2005/02/04/rivers-and-blood>.
- 7 / The Niger Delta is made up of nine oil producing states (Abia, Akwa Ibom, Bayelsa, Cross River, Delta, Edo, Imo, Ondo and Rivers states).
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# Nick Butler

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## Is Shell too big to fail ?

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Ben van Beurden, Shell CEO © Getty Images

Of course the answer is obvious. How could anyone be so foolish as to think that a company with earnings of \$19bn in 2014, with reserves of 13bn barrels of oil and gas and with daily production of 3m barrels of oil and gas could possibly fail ? How could anyone think of bracketing Royal Dutch Shell with GEC, or ICI or Lehman Brothers — each in their time great companies but now reduced to dust. Perhaps it is impertinent to even ask the question. Surely Shell has survived for a century and more getting through wars, expropriation, an entanglement with Nazi Germany, the horrors of Nigeria and numerous other “crises”?

All true. Shell is undoubtedly one of the world’s great companies — decent, honest, civilised and a world leader in energy technology. But even those attributes do not provide complete protection in a world where the past is no guarantee of the future. Companies can have too much history and too great a sense of their own institutional importance. In a very competitive world no one is ever totally safe.

What brings companies down — first shrinking and then falling victim to break-up and extinction? Every example is different but there are some strong common factors. What matters is not just a mistaken decision — every company makes those. Much more important is the inability to recognise a mistake when it has been made and change course. Many companies that fail simply lack a reverse gear. They just keep going in one direction driven by the combination of necessity and belief in their own correctness. But in a world of dramatic, unexpected change there can be no room for such obduracy.

That is perhaps the best word to describe the mind set of Shell at the moment. The bid for its smaller rival BG Group is the most recent example of this trait but it is not the only one. The

misadventure in the Arctic persisted for years beyond the point when the outcome was obvious. Behind both decisions lies Shell's failure to replace their production with new reserves. In 2014 it replaced only 24 per cent of its oil and gas output. That failure create the necessity to buy reserves whatever the cost.

On January 26 Shell's shareholders — who have seen the value of their holdings fall by almost 40 per cent over the last 18 months — will be asked to back the bid for BG, which has now cleared its final regulatory hurdles.

When announced, the bid put a premium on BG shares of 52 per cent. Goodness only knows what the BG share price would be today without the bid. The scale of the premium was quite unnecessary — BG's weakness has been recognised for years and many companies had looked it over and decided against buying. When the bid was made the oil price was \$65. Now it is \$37. Over the last eight months, various claims have been made about the oil price that were necessary for the bid to add value for Shell shareholders. At first a figure of \$90 was mentioned — the mid point of Shell's long-term planning range at the time. That number has been reduced again and again without any convincing rationale but has still not managed to keep pace with the decline in prices in the real world.

The bid made no provision for any fall in the price of oil or natural gas because Shell is convinced that prices will rise again. That conviction is almost religious in its fervour. On December 18 Ben van Beurden, Shell's chief executive, was quoted in the FT as saying that oil prices would "average" \$65 a barrel over the lifetime of the merger — whatever that means. The word average is important because it tells us that he is expecting prices for part of the period to be substantial higher than \$65 to balance their current low levels.

Every man and his dog are entitled to have their views on future prices, but how on earth can a serious chief executive plan the investment strategy of a major company on the assumption of an enduring increase of at least 70 per cent above current prices? Clearly, Shell's shareholders don't agree with him, or the value of the company would not have fallen so much. Some may also share the view that planning the future on blind optimism is one sure route to corporate failure.

What should Shell do now ?

Most immediately, it should renegotiate the deal with BG at a price perhaps 50 per cent lower than the current offer. This is tough on BG shareholders, who have also suffered from a surfeit of management optimism over the years. But they have nowhere to go and I imagine institutional shareholders would accept a revised bid. If they don't, BG will receive a \$750m payment for non-completion of the transaction and presumably come up with its own plan B.

Beyond that, the Shell board — which is supposed to represent the interest of shareholders — should demand and impose a \$40 strategy. That will challenge the company's excellent technical staff to come up with different solutions, instead of relying on starry-eyed optimism from head office. If the price does eventually average \$65 so much the better.

Shell is not too big to fail but failure should not be allowed to happen. The company represents a significant part of the London market and part of most major institutional portfolios. It is one of the few examples of a genuine European champion capable of working and competing anywhere across

the world. Its decline would be a cause of great political and economic concern.

Someone has to blow a whistle of common sense to break out of the currency obduracy. Accepting that you have made a mistake is not dishonourable. If that is impossible all bets are off.

Tags: arctic, BG, ICI, Lehman Brothers, oil prices, Royal Dutch Shell  
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