

# Major Oil Stealing in Niger Delta is an elite affair.

By Francis Ugo

The reason was simple, there was an ongoing 'operation'. I was working with an oil service company; we had already gone back to accommodation after working on the well. But a call from base necessitated we get to the wellhead again the same night. We waited to have a feedback confirmation on when to approach. Worthy of note is that we move with armed military and mobile police. It took 4 hours. Then we saw the convoy, a streak of rickety tankers, and a Hilux. They were heading out with crude. The 'operation' was over. This is the first of many, that I encountered while working in the field. I am an Engineer. I have worked in the Niger delta extensively, exploring the land, swamp, and deep offshore. I have supported operations in different companies and communities and have been taken hostage on two occasions. On the 6th of October 2022, NNPC announced it has discovered a 4km pipeline that transfers crude illegally to an offshore platform. In their claim, this has been going on for 9 years. The story you are about to read is dated beyond 9 years.

Using data and real-time observations, I will challenge among others how a brazen corruption act can go unquestioned and uninterrupted. For starters, oil stealing is not a secret in Niger Delta. It's like saying the police take bribes on the road. The discussion changes when the inspector general (IG) comes to a public station and challenges the notion that his boys take bribes from motorists. Stealing oil is no news to Nigerians. It has been an ongoing concern for decades. What changed? Something happened in 2016 that changed the scale. On the morning of November 27,

2003, three journalists were arraigned before Yaba magistrate court Lagos. Osa Director (editor-in-chief: insider weekly), and two senior colleagues of the paper, Janet Mba-Mba Afolabi and Chuks Onwudinjo. All were charged with sedition and criminal defamation.

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Their offense was an article written on illegal bunkering (oil stealing) involving highly placed individuals in the presidency, particularly Atiku (Vice-president of that period) and Gasua (Director of NSA) were fingered. Interestingly, the defense lawyer was Festus Kayamo who is presently the official APC spokesman. They will be bailed and the case will lose steam like many others before and after it. Oil stealing however has been happening way before this period. This is a story and a journey into oil theft in Nigeria. On 29th of Nov 2012, SERAP charged IBB to court for the windfall of 1991 during the gulf war, and a whooping sum of \$12.4B was reported to be stolen. We will attempt to unravel the layers and look at the oil-

stealing structure. To steal oil, you must have a source and a buyer. The source is simple. It's Nigerian oil. The method or approach is different.

Earlier, during the military era, it was the very high and mighty that has exclusive rights and they stole at scale but it went almost unnoticed because no one (masses) could see it. Little wonder Nigeria still receives Christmas gifts from Daddy Abacha now and then. This changed in 1999. Democracy was born. New players came to town. The source changed from export terminals to newfound sources: The trunk lines. Like any other criminal trade, it was limited to highly positioned men with means- Feeder barges pick crude and transfer to mother vessels. If you are conversant with the Niger Delta, the fight that most people may term Niger-delta-freedom-fights has always been the fight to control this means. The Yar-Adua administration slowed things down when amnesty was offered in the zone. But amnesty has never been an alternative to sustainable leadership. Like cancer, it crumbled when the new frontiers of crude oil sources were opened without challenge. Welcome, the environmental degrader, 'Kpo-fire!'. It was the street name given to the illegal refining. Most militants that had little means of feeding a mother ship plunged into it. It was more like a leveler. Not only was this the beginning of black soot in Port Harcourt and her environs, but it is also the biggest environmental disaster as it gets the flora and fauna degraded. 'Kpo-fire' became extremely attractive, especially to men of

little means. With as little as 4 metal drums, 20ft of 2" line, and a 200-300 bbl tank, all close to a flowing pipeline, you are ready for business. It spread like wildfire. Most of the militants became engaged. The buyers are the unsuspecting and most recently, the keenly-aware public. As widely spread as the kpo-fire is, it is NOT the primary source of loss that made NNPC fail to remit money to the federation account for six months running. This is where it starts getting interesting.

According to the data from Statistics, oil production, which has been sustained above 2M barrels in Nigeria, dipped sharply in 2016. It never recovered from the dip, notwithstanding the outstanding opportunity during the Ukraine-Russia war that saw oil prices above \$100/bbl. Most oil coming from the land is either shut in (lock down the well) or stolen if transported through the pipeline. Unlike when the stealing happens from Terminals and/or high-end balance of trade points (only governments and politicians), it has gone multi-faceted. You have the 'kpo-fire' You have the middle range stealing and transloading. You have the Terminal stealing.

Among these 3 categories, Kpo-fire is the least economic impact (but has the worst environmental impact), however, it is pushed to the public as one. The major stealing is the other two. Now, consider a yam thief caught in the village market. If he survived lynching, I can bet he either may not make use of his eyes, hand, or leg. The news of the beating will be shared on social media. The videos will be downloaded and reshared. Yet, in that market, the tax paid by all yam sellers to address the drainage of the market was embezzled by the local government chairman, and yet no uproar. Nothing short of this scenario plays out in oil stealing.

While the major criminals make away with high-volume assets, the media, and politicians including NNPC focus on to-fire. A little diversion, if you are still reading this, you would have heard that NNPC led by Mele Kyari, discovered a 4km illegal pipeline that was tapping from the Trans-focados feeder line. What you will also hear is that this line has been there for 9 years. This is not true. Unless they are the ones that did the tapping, one cannot determine the timeline of a connection by mere looking. It takes a forensic approach.

A political statement at best. When asked about his opinion on the rise of oil stealing in Niger-delta, Richard Kennedy, MD of Chevron Nigeria, has this to say; "From my experience, the issue with crude oil theft should not be confused with host community issues. It is much bigger than that. It is completely different from host community issues. Quite frankly, it is an organized crime." You may not agree with him, but pay close attention to his choice of words, "...much, much, much bigger..."

In other words, the stealing was above 'kpo-fires' (Community issues), Tony Elumelu accentuated this position i

n March 2022, when he bemoaned that Nigeria was losing 95% of her crude to thieves. For context, a single VLCC (Very large crude carrier) carries 2M barrels of crude. If one is to transport from bush to VLCC, one will require more than 12.7 million 25-liter containers (which is the standard container used in transporting kpo-fire crude). Production from all 25liter gallons from all of West Africa will not meet this demand. It is, therefore, logistically and operationally impossible to execute. Using fluid dynamics, pressure differential, metering system, pigging, the smallest flow station in the Niger Delta can

know when a pipeline has leaks or is tapped. Do not be deceived. This is basic in all installations. It is also important to know that DSS, Police, Army, NNPC, and NSA are all present and sign off any shipment that leaves Nigeria. Yet, On the 7th of August 2022, a ship (VLCC- MT Heroic Idun) believed to have approached Akpo field (FPSO: offshore facility) 'ran' from the Nigeria Navy vessel (NNS Gongola).

**Like saying a Dangote truck Madden with cement outran a Lamborghini. Yet these things happen daily. Nigeria loses 437,000 barrels of crude per day and has lost \$10 billion in 7 months. But the institutions laden with production and protection of the crude, NNPC, and the security outfits respectively are only finding out an illegal line being operated for '9 years'. Let's be clear, Major oil stealing in Niger Delta is an elite affair. The VLCC that lifted crude from Akpo cannot approach that facility if NNPC and/or the Presidency (Minister of Petroleum) didn't make the necessary calls. Nothing can be further from self-deceit if you think otherwise.**

They collude. It is this collusion that escalated across the value chain of stealing in 2016. It was this collusion that Wike wanted to challenge some months ago but hit a brick wall. On my last visit to an offshore facility, looking out from the chopper, I saw more than 15 kpo fire sites. It's that simple to locate. It was a 20mins trip, probably 6hrs could have shown all the coordinates of the kpo-fire. The big work is identifying and naming the people behind the stealing, on an industrial scale. If you believe that those gallons you see on TV with young people covered in black soot are the source of losses, you truly can believe anything.