

THE CHALLENGES OF SECURING THE NIGERIAN OIL INFRASTRUCTURE THROUGH GUARDING-THE-OIL APPROACH*

Abstract

It is an established fact that security of the Nigerian oil infrastructure is one of the biggest challenges faced by the Federal government. This has led to stealing of crude oil and the reduction of revenue that ought to accrue to the Federal Government. The Nigerian Government has adopted several measures aimed at curbing the menace of crude oil theft to no avail. Crude oil theft has remained unabated. The aim of this paper is to examine one of the methods adopted by the Federal Government of Nigeria to curb crude oil theft which is guarding the oil approach. The paper examines the various strategies adopted by the Federal Government of Nigeria and the Multinational oil Companies aimed at curbing crude oil theft in the nation's oil infrastructure. The doctrinal method shall be adopted.

Keywords: Oil Infrastructure, Guarding-the-Oil Approach, Security, Challenges, Nigeria

1. Introduction

Crude oil theft has been a recurring decimal with respect to the protection and security of the Nigerian oil infrastructure. This has led to a decline in revenues which accrue to the Federal Government and therefore the Government is unable to meet some of the obligations due to the people. To resolve this menace, the Government has adopted several measures which include the use of Foreign policy, advocacy, transparency, carrot and stick approach and guarding the oil approach. This paper focuses on guarding the oil approach as a way of securing the Nigerian oil infrastructure.

2, Adopting Guarding-the-Oil Approach

One of the methods adopted by the Nigerian government under the guarding the oil approach is to directly secure its oil installations. It started by using the oil companies' internal security to ensure minimal security and sometimes patrol identified trunks.¹ The oil field services giant, Schlumberger had, for instance, proposed in 2010 the use of infrared Close Circuit Television (CCTV) for parameter monitoring as additional surveillance on the pipelines. The company further proposed the installation of a leak detection system to be monitored at a 'Command and Response Centre, which would identify threats, detect leaks and intrusions as well as determine the risk level and provide Level 1 response.'² Shell in June 2003, reportedly proposed the certification of oil exports based on chemical finger-printing to prevent stolen oil from being sold in the open market.³ These measures failed to yield the required successes of curtailing crude oil theft. As a result of the inability of the company's internal security to properly curtail the activities of vandals, the government started using the SPY (supernumerary) Police sponsored by the Joint Venture Companies.⁴ According to Chuka Uneagbu, Chairman of the Trade Union Congress Rivers State branch,⁵ the SPY Police later grew into irrelevance thereby necessitating the use of private security firms to augment internal securities, the method which again became less effective. This was followed by the deployment of the Nigeria Security Civil Defence Corps (NSCDC) strategically along some of the pipeline networks to patrol petroleum pipelines, apprehend suspected fuel thieves but with no success.⁶ The Joint Task Force was then brought into being to safeguard oil and gas installations and deal with the menace of militants in the Niger Delta, but this has not been able to

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¹Nnimmo B, 'Decades of Destruction: Shell in Nigeria', in Jess Worth (ed.), *Risking Ruin: Shell's Dangerous Developments in the Tar Sands, Arctic and Nigeria*, Indigenous Environmental Network and Athabasca Chipewyan First Nation Publication, 2012

²'Oil Theft: How Government Ignored Recommendations on Pipeline Surveillance,' *Thisday Live*, 25 November, 2013. 10

³Ibid

⁴Ibid

⁵Mohammed Shosanya, 'In Search of Solution to Crude Oil theft', *Daily Trust*, 9 May 2013. Available at <http://www.dailytrust.com.ng/index.php/business/54063-in-search-of-solution-to-crude-oil-theft> accessed on 20/8/17.

⁶Naanen and Tolani, 'Private Gain,' 101

put an end to this crude oil theft which was still increasing at an alarming rate.⁷

Dramatically increasing oil prices from 2005 meant increased illegal bunkering and heightened military activities.⁸ In addition to the navy which operates in the waterways, the JTF has since become the government's special organ for internal security and anti-bunkering operations. Since its formation in 2003 to the Amnesty of 2010, the JTF battled both insurgency and oil theft on which the insurgents thrived.⁹ At the height of the insurgency crude oil production declined to less than 1 million bpd, largely due to sabotage of oil facilities, theft, and the kidnapping of oil workers.¹⁰ With the proclamation of the Amnesty Programme, security threats such as the Boko Haram insurgency in the North East and the conflict in Plateau State continued to preoccupy the JTF in these places.¹¹ In the Niger Delta the JTF could now devote its energy and resources to illegal bunkering and artisanal refining. On 9 January 2012, the JTF's Operation Pulo Shield was given the responsibility of combating pipeline vandalism and oil theft.¹² Poorly equipped, inadequately trained, and trailed by allegations of corruption, the security and other agencies charged with the responsibility of combating oil theft and artisanal refining have not been able to make much headway in the struggle against these illegal activities.¹³

In order to find a lasting solution to pipeline vandalism, the Petroleum Product Marketing Company (PPMC) proposed to embark on the use of Horizontal Directional Drilling (HDD) technology in laying crude oil pipelines in the Niger Delta. According to the Executive Director, NNPC and Pipelines Products Marketing Company (PPMC), Gbenga Komolafe,¹⁴ 'Horizontal directional drilling' is an innovative trenchless construction method utilising equipment and techniques from horizontal oil well drilling technology and conventional road boring.¹⁵ Pipeline surveillance has also been adopted by the Federal Government as one of the abatement measures aimed at protecting and preventing Nigeria's oil from theft. The Nigerian oil industry is heavily dependent on ground surveillance for the security and integrity of pipelines.¹⁶ Ground surveillance is accepted internationally as a practical and cost effective means of securing pipelines against third party damage.¹⁷ Under the administration of President Goodluck Jonathan contracts worth billions of naira were awarded to some ex-militants to provide security for oil installations but this measure has also failed to address this menace.¹⁸ This underscores the importance of the involvement of the community in policing the oil infrastructure.¹⁹ In addition, there is the need to adequately strengthen and properly fund the security institutions in Nigeria to provide the maximum guard against pipeline vandalization and oil theft.²⁰ As noted by Quakers: 'Proactively, proper surveillance machinery should be put in place and monitors connected to a central computer system should be used in detecting any leakage or bust on any of the pipelines in the country. Once this is in place, any form of tampering will be immediately and easily detected and proper actions taken to prevent the destruction from escalating to a disaster.'²¹ It is not clear to what extent these contractors fulfilled their contract.²² However, there are some reports that OFSL under Tompolo recorded a few successful actions against oil theft and artisanal refining in the creeks of Delta State, his jurisdiction. It is claimed that in the last quarter of 2012, the operatives of OFSL at Escravos, Warri

⁷Ibid

⁸Naanen and Tolani, 'Private Gain,' 109

⁹Ibid

¹⁰Naanen and Tolani, 'Private Gain,' 109

¹¹Ibid

¹²Medical Briefing on the operations of Joint Task Force (Operation Pulo Shield) in Azuzuama and Anti Oil Theft Operational Activities from the first Quarter of 2013 by Lt. Col. Onyema Nwachukwu, media Coordinantor, JTF Operation Pulo Shield, 7 May, 2013.

¹³Naanen and Tolani, 'Private Gain,' 109

¹⁴Naanen and Tolani, 'Private Gain,' 99

¹⁵Ibid

¹⁶Ibid

¹⁷Ibid

¹⁸Shosanya, 'In Search of Solution,' 1

¹⁹Naanen and Tolani, 'Private Gain,' 101

²⁰Ibid

²¹Precious Igbonwelundu, 'Should Oil Theft Attract Death Penalty', *The Nation*, 9 April 2013. Available at [http://thenationonlineng.net/new/law/should-oil-theft-attract-death-penalty/accessed on 27/9/2017](http://thenationonlineng.net/new/law/should-oil-theft-attract-death-penalty/accessed%20on%2027/9/2017)

²²Ibid

South West Area of Delta State, arrested a vessel,²³ T Lady Jay, 'with 10 members of an organized oil syndicate with headquarters in Apapa, Lagos and three boats with unquantified volume of illegally refined products.'²⁴ Keston Pondi, the general Manager of OFSL claimed that 'within three months, his operatives burnt over fifty local boats, destroyed many refining camps and arrested many oil thieves.'²⁵

According to Ukeje,²⁶ illegal weapons and oil bunkering thrive on each other in that while for bunkering money is readily available to acquire sophisticated weapons through black market networks, access to firearms facilitates brazen oil bunkering activities. This has led to the attraction of a swarm of illegal oil buyers and arms dealers to the Gulf of Guinea coast of Nigeria, making the Niger Delta highly volatile.²⁷ More often, the shadowy foreign partners supply arms in exchange for cash or stolen oil²⁸. It provides the armed groups with enormous financial resources and better networks, which in turn enables them to acquire not only weapons but also more and better-quality weapons, making it possible for them to overpower rival groups and use them as proxies.²⁹ Indeed, many security personnel and law enforcement agents assigned to police the region have lost their lives in the hands of these vandals through the sophisticated weapons in their possession.³⁰ The size of the theft requires resources far beyond the reach of local inhabitants or the unemployed youths as it requires strategic support. Powerful interests and highly placed individuals are deeply involved in illegal oil bunkering³¹. Oil moved on barges and ocean vessels requires at least the approval of some top officers of the Army and Navy and the former militants paid to guard pipelines.³² According to the former Director General of the Nigerian Maritime Administration and Safety Agency (NIMASA), Ziakede Patrick Akpobolokemi:

Equipment used by the oil thieves, such as boats with massive tanks, vessels, imported arms and ammunition, are beyond the reach of the poor. They are obviously supplied by the rich who stay in their mansions and expect returns from the boys on the field.³³

Similarly, the United Nations Office on Drugs and Crime (UNODC) stated as follows:

Bunkering and related activities are facilitated by widespread corruption. Uniformed officers get their cut for providing information, looking the other way, or actively protecting the bunkerers. Employees of the state oil company can also cash in on their positions by supplying information and access. Even the beleaguered farmers and fishermen who can no longer support their families on the oil-tainted land can profit from the odd compensation claim. Local communities can also be 'settled' for allowing bunkering to occur on their land.³⁴

As an environmentally friendly, safe and efficient alternative to conventional construction methods, HDD construction is used to install petroleum pipelines where conventional open trench construction is not feasible or difficult.³⁵ This has been proven to be a more long-lasting and effective method of burying pipeline especially through swarms and difficult terrain, as it provides a more attractive

²³Ibid

²⁴Ibid

²⁵Ibid

²⁶Charles Ukeje, 'Small Arms and Light Weapons Proliferation in the Niger Delta in Historical Perspective', in Amad and Antonia Simbine (eds), *Small Arms & Light Weapons Proliferation and Collection in the Niger Delta*, (Ibadan: Nigeria press & Publishers Ltd, 2007) 30

²⁷ Ibid, 60

²⁸Naanen and Tolani, 'Private Gain,' 82

²⁹Nils Duquet, 'Swamped with weapons: The proliferation of illicit Small Arms and Light weapons in the Niger Delta' Cyril Obi & Siri Aas Rustad (eds), *ibid*, 147&148

³⁰Naanen and Tolani, 'Private Gain,' 82

³¹Ibid

³²Benolt Faucon, et al, 'Nigerian Oil Thefts Prompt Shell to Act', Royal Dutch Shell Plc.com, 12 April, 2013. Available @ <http://oyaldutchshellplc.com/2013/04/12/nigerian-oil-thefts-prompt-shell-to-act/>. Accessed on 5/5/16

³³ Ogodo Douglas, 'Oil Bunkering in the Niger Delta', *Nigeria's Oil and Gas*, 20 December 2012. Available at <http://www.nigerianoilgas.com/?p=945>. Accessed on 5/5/15.

³⁴'Transnational Trafficking and the Rules of Law in West Africa: A Threat Assessment,' United Nations Office on Drugs and Crime (UNODC), Vienna, Austria, 2009, 25

³⁵Crusoe, 'Nigeria lost N 163 billion,' 18

alternative to conventional methods, which are easy targets for vandals, especially in swampy areas.³⁶ It was further reported that the International oil Companies (IOC's) in Nigeria have developed the technology to trace oil to individual flow stations and even individual wells.³⁷ Not much has been heard of these initiatives since then.³⁸ Assuming that the development of such fingerprinting and certification process was consummated, it would still require international collaboration to make it work as rightly put by Naanen and Tolani,³⁹ and argued further that the challenge facing international collaboration on stolen oil that was comparable to the Kimberly Process on 'blood diamond' which included that:

1. At 145,000 bpd stolen oil from Nigeria represents an insignificant fraction of the 86.1 million bpd of annual global oil consumption.
2. Being so relatively small on global scale, stolen oil does not present credible threat to the world economy and international security.
3. The United States, the major world power with the diplomatic and military clout to enforce such an international protocol, is no longer threatened by instability in the Nigerian oil sector as she has steeply cut down on oil imports from Nigeria. In fact, with shale oil, the US has become a net energy exporter and so will hardly have any strategic or economic justification for expending resources to protect Nigerian oil industry.

The study agrees with Naanen and Tolani that international collaboration is required to compliment the efforts by the Nigerian Government in resolving crude oil theft menace. Unfortunately, Nigeria has been appealing to the International community, notably the United States, Britain and the European Union, to help in checking stolen oil from Nigeria.⁴⁰ In a lecture at St Anthony's College, Oxford University in the United Kingdom, the Petroleum Minister, Diezani Allison-Madueke declared that 'both the British and US Governments have been in discussion with us and are keen to join hands with us to fight this menace.'⁴¹ In response, the African-Caribbean-Pacific and European Union (ACP-EU) Joint Parliamentary Assembly, which met in Abuja in July 2013,⁴² proposed a ban on any shipment of oil from Nigeria not carrying a certificate of origin. The problem is how to develop and implement the certification process.⁴³ The American Petroleum Institute guideline 1160, captioned 'managing System Integrity for Hazardous Pipelines' states that the 'current federal pipeline regulations require regular right of way inspections and maintenance.' IOCs in Nigeria, accordingly, adopted surveillance in order to prevent and mitigate illegal inference with the pipelines.⁴⁴ What is obvious is that these contracts did not seem to have any discernible impact on illegal bunkering and refining⁴⁵ abatement. Nevertheless, the Federal Government felt embarrassed by the revelation of this scandal and terminated the contracts in September 2012.⁴⁶ The revelation by the Wall Street Journal facilitated the termination of the pipeline surveillance contracts. There are further claims that pipeline surveillance contracts awarded by certain oil companies 'had become a conduit pipe through which millions of naira of tax payers' money was being siphoned for work not done'.⁴⁷ This allegation was made by a member of the House of Representatives against NPDC in respect of OML 26/30, became the basis for a motion by the House in December 2013, mandating its committees on petroleum resources (Upstream and downstream) to investigate 'all other pipeline surveillance contracts in the country.'⁴⁸ The committees were given one month to submit their reports but it is not certain that this has been achieved at the time of writing this report. The IOCs have continued their respective surveillance initiatives as the last line of defence

³⁶Ibid

³⁷Ibid

³⁸Ibid

³⁹Ibid

⁴⁰Ibid

⁴¹UK, US. to Assist Nigeria on Crude Oil Theft, Says Allison-Madueke', *The Nation*, 20 May, 2013.

⁴²Onwuka Nzeshi, 'Nigeria: ACP-EU Parliament Seeks Global Ban on Stolen Crude Oil', *Thisday*, 22 July, 2013. 13

⁴³Naanen and Tolani, 'Private Gain,' 111

⁴⁴Ibid

⁴⁵Ibid

⁴⁶Ibid

⁴⁷Ibid

⁴⁸'Reps Review Pipeline Surveillance contracts', *The Citizen Online*, 18 December, 2013. The motion was moved by former deputy majority leader, Hon Leo Ogor, representing Delta State.

against oil theft and pipeline vandalism.⁴⁹ For instance, a confidential report on some of the IOCs surveillance programme examined six main aspects of the programme:⁵⁰

1. Award of surveillance contracts
2. Numbers of surveillance personnel
3. Transportation
4. Equipment
5. Supervision
6. Documentation

The report concluded that the IOCs' surveillance scheme performed below expectation in all these areas. On the surveillance contracts, it stated that these are 'usually awarded to the local people and these contracts are seen by the companies as a way of improving relations with the local community' and that performance is sacrificed in the process. Reports from Investigations conducted by Naanen and Tolani⁵¹ showed that the contracts are given to certain favoured individuals in the communities who treated the contracts more or less as gifts. According to the said researchers, these people become untouchable even when it is glaring that they are failing in their job. They claim to be the rightful representatives of their respective communities when they are not, and control the access of these communities to the IOCs and concluded that their attitude and actions contribute significantly to the hostility against the companies in the communities. Regarding numbers of personnel, the report stated that in some sections, there were less than 2 persons per kilometre and that 'it appeared that insufficient personnel were allocated to carry out surveillance, and it was likely that this had a detrimental effect on the quality and reliability of the surveillance programme.'⁵²

The report further stated that the contractors relied on paddle canoe for transportation, which is adjudged 'inadequate for the task of monitoring pipelines in remote locations in all conditions.'⁵³ In respect of equipment, these consisted of T-shirts, Chinos, jungle boots, Sunflower yellow rain boots, face caps, touch lights, batteries, bags, Angelic yellow rain coats, whistles, water flasks, first aid boxes, and exercise books.⁵⁴ These equipments are considered rudimentary as they exclude communication equipment, binoculars or cameras, given that the contractor's role include visual surveillance and prompt reporting of incidents.⁵⁵ 'The equipment provided to contractors did not represent best practice for a pipeline surveillance programme.' Supervision and documentation were similarly found to be lacking.⁵⁶ Some of the contractors complained of poor remuneration according to the report. One contractor, a local youth leader who claimed to control over '2000 boys', opined that he could only engage a few of his boys at a time for surveillance, rotating them and paying them 10,000 naira (59 dollars) per month so that as many of them as possible could earn some income.⁵⁷ Perhaps the most poignant evidence of the inadequacy of private contractor surveillance is that it has virtually no impact on oil theft and pipeline vandalism.⁵⁸ In some cases the contractors have either colluded in matters of theft or have directly undertaken the tapping of oil.⁵⁹

As part of the efforts to eradicate oil bunkering in the region, the Federal Government also set up a Military Joint Task Force (JTF) code named 'Operation Pulo Shield' to keep a surveillance watch on the region and to arrest perpetrators. According to Ben Naanen and Patrick Tolani,⁶⁰ between 1995 and 1998, about 131 cases of vandalisation of pipelines and other oil industry installations were recorded in Nigeria. However, in 1999 alone, 497 cases or more than threefold of the cases in the four years to 1998

⁴⁹Naanen and Tolani, 'Private Gain,' 112

⁵⁰Ibid, 112

⁵¹Ibid, 113

⁵²Ibid, 114

⁵³Ibid

⁵⁴Ibid

⁵⁵Ibid

⁵⁶Ibid

⁵⁷Ibid

⁵⁸Ibid

⁵⁹Ibid

⁶⁰Ibid, 80

were recorded; and in 2000, an all-time high of 909 cases of pipelines and other oil installation vandalisation were recorded.⁶¹ In 2001 and 2002, the records show that 461 cases and 507 cases of vandalisation were recorded respectively.⁶² Thus, the total cases for the four years from 1999 to year 2002 were put at 2,374.⁶³ It was reported by the JTF media coordinator, Lt-Col Onyema Nwachukwu, that in 2012, a total number of 1,945 suspects were arrested and about 4,349 illegal refineries were destroyed.⁶⁴ He also reported that about 133 barges, 1,215 open boats, an unspecified number of illegal fuel dumps and tankers, over 5,500 surface tanks, and 36,000 drums of illegally refined products; and in 2013, the JTF arrested 498 people and seized 18 boats.⁶⁵

Notwithstanding the efforts of the JTF, oil theft in the Niger Delta region has continued to increase.⁶⁶ Ben Naanen and Patrick Tolani,⁶⁷ attribute it to several factors including the allegation of corruption levelled against the JTF members by the local inhabitants. Allegations of collusion between the perpetrators and the JTF members and other security personnel are common. It is believed that since JTF members are largely made up of lowly paid officers, who often aid and abet the perpetrators for financial reward thus making it difficult to stamp out crude and refined products theft, vandalisation of pipelines and installations, and illegal oil bunkering.⁶⁸ According to Human Rights Watch, 'frequently, both in the riverine areas and on dry land, the police and military are involved in the process or are paid off to take no action against those tapping into pipelines'.⁶⁹ It is also alleged that bunkerers pay protection fees to security agencies and some security personnel either connive with or actually escort bunkerers, barges and vessels to the high seas.⁷⁰ This allegation has been denied by the JTF.⁷¹ These allegations have in no small measure affected the credibility of the JTF operations in the Niger- Delta region and compromised the war on crude oil theft in Nigeria.

Furthermore, top military officers have also alleged to be involved in bunkering on account of suspicion of corruption and negligence.⁷² This suspicion was confirmed during an inquiry into the disappearance of the Ship named 'MT African Pride', a 12,000-ton Russian tanker which was intercepted on the high seas on 8 October 2003 and was found to have taken on board 11,000 tons of crude oil without authorization.⁷³ In January 2005, the Court Martial that tried the Naval Officers involved ruled that Rear Admirals Francis Agbiti and Samuel Kolawole should be demoted to the rank of Commodore and dismissed from the Nigerian Navy for their negligence in allowing the arrested 'MT African Pride', to escape from naval custody in Lagos harbour in August 2004.⁷⁴ Although found guilty, they were merely demoted and sacked but not sentenced to prison but the third defendant, Rear Admiral Antonio Bob-Manuel, was found innocent of all charges.⁷⁵ Some officers, including a Rear Admiral, were retired in July 2007, because of 'formal intelligence reports' that they were involved in smuggling stolen crude oil⁷⁶. The former Chief of Naval Staff, Ganiyu Adeyeye, admitted, 'they were involved in oil bunkering'.⁷⁷ These cases serve as official confirmation of long held suspicions that top navy officers

⁶¹Ibid

⁶²Ibid

⁶³Salisu N'inna Dambatta, 'Tackling Vandalism in Nigeria's Oil Industry', *Legal Oil*, 14 October 2003. Available at <http://www.legaloil.com/NewsItem.asp?DocumentIDX=1067894579&Category=news> accessed on 20/7/17

⁶⁴Naanen and Tolani, 'Private Gain,' 80.

⁶⁵'Rising Niger Delta oil theft threatens security', IRIN News, Available at <http://www.irinnews.org/report/98155/rising-niger-delta-oil-theft-threatens-security>. Accessed on 20/7/17

⁶⁶Naanen and Tolani, 'Private Gain,' 80.

⁶⁷Ibid

⁶⁸Ibid

⁶⁹'The Warri Crisis: Fueling Violence,' Human Rights Watch (2003), Cited by Naanen and Tolani, *ibid*, 80.

⁷⁰Augustine Ikelegbe, 'The Economy of Conflict in the Oil Rich Niger Delta Region of Nigeria', *Nordic Journal of African Studies* 14(2)(2005): 224

⁷¹Naanen and Tolani, 'Private Gain,' 81

⁷²Ibid

⁷³Ibid

⁷⁴'Nigeria: Conviction of Admirals Confirms Navy Role in Oil Theft,' IRIN News, Available at <http://www.irinnews.org/report/52598/nigeria-conviction-of-admirals-confirms-navy-role-in-oil-theft>

⁷⁵Naanen and Tolani, 'Private Gain,' 81

⁷⁶Ibid

⁷⁷United Nations Office on Drugs and Crime (UNODC), *Transnational Trafficking and the Rule of Law in West Africa: A Threat to Peace*, UNODC2009, Vienna, 4. Available at www.unodc.org

were deeply involved in bunkering.⁷⁸

In addition, there is also the belief that the JTF lacks the manpower required to control over 4,347km of pipelines simultaneously. This fact was confirmed by Attah when he stated as follows: ‘But even when we identify and report blatant theft to the Joint Task Force- the combined force command structure deployed by the government in the Delta-they are often unable to take immediate action- allowing thieves to operate without much hindrance.’⁷⁹ The JTF lacks adequate training and equipment such as helicopters, boats, Global Positioning System, and communication technology necessary to detect and control activities carried out by the oil bunkerers, who are often better equipped.⁸⁰ These thieves are well organised and work in multi-skilled teams. They utilise a number of different tactics to remain undetected such as burying hoses and using the surrounding environment to hide their activities such as hedgerows and forested areas. This is further compounded by the complex terrain and numerous creeks in the Delta region which makes it difficult to effectively tackle the incidence of illegal bunkering and artisanal refineries in the region. The terrain therefore provides a safe haven for oil criminals.⁸¹

Illegal oil bunkering also helps to sustain the culture of armed insecurity in the Niger Delta and of organized crime both within the country and probably in the wider Gulf of Guinea region.⁸² According to John Beattie⁸³, in 2008 alone, IOCs operating in the Niger Delta spent \$3.7 billion on security. In the same year, a sizeable proportion of the Federal Government's budgetary allocation to the Niger Delta was allocated to security, even though the military and police had the larger share of the budget.⁸⁴ For this reason, Ukiwo⁸⁵ posited that Oil pipeline sabotage constitutes a serious threat to national security, particularly Nigeria that depends heavily on oil exports for survival. Given the over-dependence of Nigeria on oil, it follows therefore that attacks on its oil infrastructure portends grave danger for its security and development.⁸⁶ According to Alawode and Ogunleye,⁸⁷ oil pipeline sabotage undermines the capacity of the government to generate resources needed to fulfil its responsibilities, of which the security of its citizens is a primary consideration.

As already identified, one of the major challenges to the eradication of crude oil theft from the shores of Nigerian oil industry is the over-dependence on crude oil and its derivatives for its economic life. Nigeria depends on crude oil for 90 percent of its export earnings. This has attracted attention to the commodity. The Federal Government has not demonstrated seriousness in its diversification drive for the economy. It is therefore submitted that to resolve the menace of crude oil theft in Nigeria, attempt must be made to diversify the country's economy from oil based to non-oil based otherwise the scourge will continue. Available studies show that resource rich countries with oil based economies have embraced diversification options.

The World Bank⁸⁸ has revealed in its recent studies that developing countries that are resources rich have diversified their economies remarkably. These countries which were hitherto eighty percent dependent on oil-based exports through diversification of their economies are now eighty percent

⁷⁸ ‘Nigerian navy ousts 10 officers for smuggling oil’, *Reuters*, 27th July, 2007

⁷⁹Tony Attah, ‘*Oil theft and artisanal (illegal) refining in tyeria - scale, impacts and the need for a multi-dimensional response*’, paper delivered at the Chatham House - Gulf of Guinea Security Conference, London, 6 December 2012

⁸⁰Paul Francis, Deirdre LaPin, and Paula Rossiasco, ‘Securing development and peace in the Niger Delta: a social and conflict analysis for change.’ Available @ http://issuu.com/escpwwc/docs/afr_110929_niger_delta_0113/172, 50. Accessed on 2/2/2018.

⁸¹Naanen and Patrick, Tolani, ‘Private Gain,’⁸²

⁸²John Beattie, ‘How Nigeria's Oil is Stolen’, *African Business*, 21 June 2012. Available at <http://africanbusinessmagazine.com/features/oil-gas/how-nigerias-oil-is-stolen> accessed on 20/7/17

⁸³Ibid

⁸⁴Naanen and Tolani, ‘Private Gain,’⁸²

⁸⁵Ukoha Ukiwo, ‘The Nigerian state, Oil and the Niger Delta Crisis,’ in Cyril Obi & Siri Aas Rustad (eds), *Oil and Insurgent in Niger Delta: Managing the Complex Politics of Petro-Violence*, 1st ed, (London : Zed Books, 2010) 18

⁸⁶Naanen and Tolani, ‘Private Gain,’⁸²

⁸⁷A.J. Alawode and I.O. Ogunleye, ‘Maintenance, Security, and Environmental Implications of Pipeline Damage Ruptures in the Niger Delta Region’, *The Pacific Journal of Science and Technology*, 12, No. 1, (2013: 569)

⁸⁸Alan Gleb, ‘Economic Diversification in Resource Rich Countries.’ *Center for a Global Development, World Bank*, Washington DC, December 15, 2011.

industrial based and some of them have become major industrial powers. In the report, some countries had moved downstream. For example in Latin America, from 1975 to 1984, basic metals exports doubled and fabricated products grew eight times. Consequently, some countries had diversified within resource-based sectors like fresh produce, fish and tourism while Africa remained heavily dependent on the primary sectors and almost all industrial exports were processed primarily. In the study, about thirty five countries were found to be heavily dependent on oil and gas and another twelve were dependent on hard minerals. On high dependence the study showed that for oil, it was often 60 percent seaports, 50 percent fiscal revenue and that true dependence is even higher because ‘non-oil’ taxes depend on oil-fueled spending.

This appears to be a disadvantage for non-oil-based economies but the report stated reasons why diversified economies were better in the long run and that countries locked into resource exports did worse. The reasons were outlined as follows:

- i. Learning by doing, and greater ‘self-discovery’
- ii. Fear of resources exhaustion
- iii. Fear that population growth will reduce natural rent/head
- iv. Fear of potential substitution risk (unclear + batteries for oil)
- v. Need to generate jobs
- vi. Economic diversification reduces macro instability
- vii. There is higher return on domestic spending

The report suggested that countries more likely to avoid the ‘resource curse’ are also better placed to diversify their economies. Some examples of resource rich countries that have embraced the diversification option were stated in the report as follows:

- (a) Malaysia, Indonesia and Chile. The report stated that these countries have grown well from strong mineral resource bases. They have diversified their oil sectors and exports primarily towards manufactures or widening primary bases. The common features of these countries are:-
 - i. Prudent macroeconomic management, including devaluation were needed for competitiveness
 - ii. Relatively open trade and open investment policies
 - iii. Efforts at building human capital and a good business climate
 - iv. Particular efforts to bring down costs (including labour) that affect exports and to work with private sector to spur new export industries.
- (b) Dubai: The study revealed that the country is distinctive with some lessons for building a ‘new’ economy. The main objectives are critical mass, agglomeration externalities. Its specific features include:
 - i. Efficient bureaucracy, strong IT, minimal taxation, and tariffs
 - ii. Extremely open to investment, labour, skills
 - iii. Stable exchange rate; low-cost business platform

As in all cases of public law enforcement under the military regime, soldiers were involved in checking bunkering from the beginning.⁸⁹ It started with the involvement of military officers in the loading process at the export terminals.⁹⁰ Sharp practices such as topping seem to have been prevalent among these mixed military and civilian officials from the early days.⁹¹

In the NNPC’s Monthly Financial and Operations Report (MFOR) for April, 2017, the Corporation stated that it had recorded a 12.77 percent reduction on downstream pipeline vandalism, following the federal Government’s extensive engagement with stakeholders in the oil and gas sector. According to the report monitored by Ibizwatch⁹², the downstream pipeline sabotage reduced from 94 cases in March, 2017 to 82 in April, 2017, representing 91.77 percent reduction relative to the previous month.

⁸⁹Ibid

⁹⁰Ibid

⁹¹Ibid

⁹²‘NNPC Records 12% drop in oil pipeline vandalism.’ Available @ <https://ibizwatchnigeria.com/nnpc-records-12-drop-oil-pipeline-vandalism>. accessed on 19/01/18

Furthermore, in the Corporation's MFOR for May 2017, the statistics indicated substantial improvements with a recorded drop in pipeline vandalism by 32.93 percent in one month. In the report, vandalism of crude oil pipelines dropped from 82 cases in April, 2017 to 55 cases in May, 2017. This was attributed to the extensive engagement between oil and gas community stakeholders and the Federal Government and NNPC. The report stated that the May 2017 statistics also indicated substantial improvement compared to corresponding period of May 2016 which recorded 260 incidents. According to the NNPC'S MFOF for May 2017, 'Products theft and vandalism have continued to destroy value and put NNPC at disadvantaged competitive position. A total of 1,734 vandalized points have been recorded between the months of May, 2016 to May, 2017.'

In the report released by the National Bureau of Statistics for the second quarter (Q2) of 2017, the Nigerian economy was said to have advanced by 0.55 percent year-on-year after shrinking an upwardly revised 0.91 percent in the previous period. According to the report, it was the first expansion in five quarters as the oil sector rebounded. Nigeria had therefore reportedly pulled out of recession. The report also stated that the oil sector went up by 1.64 percent year-on-year, the first expansion since the third quarter of 2015, following an upwardly revised 15.60 percent drop in the previous period. Furthermore, according to the report, Nigeria produced 1.84 million barrels of crude oil per day, up from 1.81 mbpd a year earlier. As a result, the oil sector accounted for 8.89 percent of GDP compared to 8.79 percent a year earlier. This success is largely due to the extensive consultations between the Federal Government, NNPC and the oil communities. According to Ola Belgore,⁹³ Managing Director of Afrinvest Asset Management Limited, 'we commend the efforts made towards curtailing the disruptions to oil installations in the Niger Delta Region in order to restore previous production levels and benefit from the higher oil prices.' The Managing Director of Shell Petroleum Development Company (SPDC), Mutiu Sunmonu, also felt Nigeria was looking in the wrong direction (Europe and other foreign countries) for solution to oil theft, adding that: 'The truth is that the small (criminals) in the creeks of Niger Delta bursting pipelines and stealing crude oil are not working for themselves. Like the drug cartels around the world, they are being sponsored by principalities and powers in high places, which the government should go against if the fight against crude oil theft is to be won.'

In conclusion, the writer suggests that adequate well-trained manpower should be put in place in the Joint Task Force to nip the activities of Crude Oil thieves in the bud. Secondly, proper modern functional communication equipment to monitor, track and apprehend these oil bunkerers should be utilized to its fullest. Again, community policing should be adopted with the indigenous people who knows the complex terrain and numerous creeks where the crude oil thieves operates. They will aid in monitoring and apprehending them when paid well. Finally, attempt must be made by the government to diversity the country's economy from oil based to non-oil-based economics as done by other countries. This will resolve the menace of oil theft in Nigeria to minimal level and secure the Nigerian oil infrastructure.

⁹³Market Report – First Quarter Ended March 31, 2017. Available @ http://www.aaml.afrinvest.com/wp-content/.../2017/Q4/Q1-2017-market-Report_AAML.pdf accessed on 27/07/17