

Shell remains committed to Nigeria projects

Despite sector reform uncertainty, militant attacks

Cape Town, South Africa—Shell remains committed to its projects in Nigeria despite uncertainty over reforms to the country's oil and gas sector and the ongoing crisis in the Niger Delta, where the company has been the target of militant attacks in recent years. Babs Omotowa, vice president of Shell Exploration and Production Africa, said July 7 the company was still producing at some of its fields in the western part of the Niger Delta where the attacks have been the heaviest in recent months and is working on restoring some of the damaged facilities. "We've had more attacks in the west than in the east in the last few months but we still have a number of fields producing and we are working to pull back the areas that have been impacted by the militants attacks," Omotowa said on the sidelines of the CWC-organized oil conference in Cape Town. Shell had a number of projects in the pipeline and was waiting on details of Nigeria's comprehensive reform of its oil and gas sector to be made public, he said. State-owned Nigerian National Petroleum Corporation last week said the reform plan remains on course despite opposition from some industry operators and the delay by the Nigerian Parliament in passing a bill to give it legal backing. Under the plan, the NNPC would be restructured and strengthened to operate like its international counterparts such as Malaysia's Petronas, Petrobras of Brazil and Saudi Aramco. Its subsidiaries would be allowed to raise funds by investing in capital markets instead of relying on government funds. But industry operators said the government had not brought them on board with many of the changes that the reforms would mean for the country's petroleum laws. "We believe we can be engaged more and we believe that the public hearings in the National Assembly and the Senate will give us more opportunities to engage," Omotowa said. "We support the government and its desire to improve the fiscal regime and, in terms of the key headline issues, we are aligned," he said. "For example in terms of developing local capacity, increasing revenues to the government, we are definitely aligned with the government," Omotowa added. The upper house of Nigeria's Parliament, which said in February the Petroleum Industry Bill would be ready in six months, began public hearings on the matter at the end of June. Omotowa also expressed industry concerns over certain aspects of the bill. "We believe that there are a number of areas in the bill that may not enable the country to achieve some of its aspirations," he said. "For example there is a lot of interest to develop the power sector and using gas is a key element in doing that. In the bill, we believe that some of the incentives have been taken away and this will not encourage investment in the future." Nigeria's President Umaru Yar'Adua launched the reform process almost two years ago, in an effort to end the sector's problems like funding shortfalls and domestic gas shortages.—*Jacinta Moran*