The effects of the new ICJ ruling between Nigeria and Cameroon

As Nigerians grapple with the import of the landmark ruling by the International Court of Justice (ICJ) ceding the oil-rich Bakassi Peninsula to Cameroon, much of the concern in the oil industry is the political and economic implications of the judgment as no fewer than six acreages may be affected by the politics of the age-long feud between the two countries. Multinational oil companies as well as their local counterparts were still unclear as to how the ICJ judgment would affect their operations. In the ruling delivered by ICJ President, Frenchman Gilbert Guillaume, the court decided that, pursuant to the Anglo-German Agreement of March 11, 1913, sovereignty over Bakassi lies with Cameroon.

Furthermore, the court fixed the maritime boundary between the two countries, accepting Cameroon's contention by upholding the validity of the Declarations of Yaoundé II and the Maroua, which Nigeria's former military ruler, General Yakubu Gowon and Cameroon's former leader Ahmadu Ahidjo signed in 1971 and 1975.

Though bitter that the country lost such a landmark case, **Nigerian authorities however maintained that the judgment had no effect on the country's oil and gas reserves**. But industry operators who scurried back to the drawing map on Nigeria's oil concessions, were also unanimous that the ICJ's ruling did nothing to upstage the country's oil reserves, exploitation and exploration activities. "None of the oil fields will be affected," said Mr. Austin Avuru of Allied Energy Services, an indigenous oil producing company. His view was backed by Mr. Tunde Afolabi, CEO of Amni International Petroleum.

The ICJ ruling endorsed Nigeria's delimitation method, which kept intact all the country's existing offshore fields. "If the ICJ had accepted Cameroon's plea, then those offshore blocks would have to be ceded to Cameroon," said one official.

But the same air of calmness could not be exhibited by three multinational oil companies, namely US firm ExxonMobil, Swiss firm Addax and French firm TotalFinaElf, as well as two local oil producers Moni Pulo and Oriental Energy, which have some sections of their blocs within the disputed region. Specifically, Mobil's Eboga and Mimbo fields in Oil Mining Lease (OML) 67, Elf's OML 102 and Oil Prospecting Leases (OPLs) 222 and 223, Oriental Energy OML 115, Addax fields, Adanga and Bogi in OML, as well as Moni Pulo's Abana field fall into this category. According to industry officials, much as the ruling does not impact on existing territory claimed by Nigeria, the order that, following the ceding of the Bakassi Peninsula to Cameroon, the borderline between the Nigerian territorial waters and Bakassi, would have to be redrawn. Nigeria and Cameroon share a border running some 1,600 km from Lake Chad to the Gulf of Guinea.

There is a composite position that separates Nigerian (now) officially recognised territorial waters and Bakassi Peninsula. There is the Bay of Cross River to the left and Bakassi Peninsula to the right. This waterway was before the judgment under the control of Nigerian Navy. Moni Pulo's Abana field, the two Addax fields and Mobil's fields share in this borderline. Industry analysts said an altercation in the borderline further westwards might see these fields fall into Cameroonian acreages. Then, royalties and petroleum profit tax will have to be paid to the Cameroonian Government. The altercation may affect TotalFinaElf's drilling plan for its deep water bloc OPL 222. US firms namely Chevron, ExxonMobil and Nexen are co-owners of the acreage, which data already showed could flow 100,000 bpd of oil.

Officials of Elf Petroleum Nigeria (TotalFinaElf subsidiary) said that the matter was being handled at the company's headquarters in France. "It is an international issue which cannot be handled locally here," said an official. Officials of ExxonMobil said the company was still studying the implications of the latest development. "We are aware that the Federal Government is studying the International Court of Justice ruling on the land and maritime boundary between Cameroon and Nigeria. All we can say for now is that our producing affiliates operations in Nigeria are not impacted," said ExxonMobil spokesman, Yemi Fakayejo.

Before now, Cameroon was drilling oil in a part of the Bakassi Peninsula, called the Rio del Rey Basin, which the pact Gowon had with Ahidjo, gave away. TotalFinaElf is very much present in this Basin, so also is Shell and ExxonMobil. Officials said the country was getting an output of around 90,000 bpd from the wells in the basin said to hold crude oil reserves of some 330 mm barrels. The ICJ ruling meant Cameroon's production and reserves would be boosted by at least 100 mm barrels of oil and four tcf of gas.

Then comes the much-feared issue of security. The ICJ ruling says "Nigeria is under obligation to expeditiously and without condition to withdraw its administration and its military and police forces from the Bakassi Peninsula, and from Lake Chad area falling within the sovereignty of Cameroon." As Nigerian Navy personnel feared, having Cameroon military patrol the waters exclusively portends danger for Nigeria's economic interest in the region. In one of his submissions to the court while the case lasted, Nigeria's counsel, Chief Richard Akinjide (SAN) had noted that there were four major rivers, which drain into the Calabar Estuary. "Any vessel passing up and down the estuary (approximately 20 km wide) is well within gunshot of either bank of the Estuary. Can Nigeria seriously contemplate having a major part of her fleet passing by down a narrow stretch of water on a regular basis beneath the guns of Cameroon?" asked Akinjinde.

According to oil industry officials, the loss of Bakassi, blocking Nigeria's access from the east to the Atlantic Ocean, really presented a poser for movement of oil tankers in out of the country's South-eastern waters into the international sea. Nigeria, Africa's biggest oil producer, has three oil export terminals in the eastern zone namely the 475,000 bpd Shell's Bonny Terminal, the 900,000 bpd Qua Iboe Terminal operated by ExxonMobil and Agip's Brass Terminal. "There is every reason for the oil companies and traders to fret with this sort of arrangement where a different country commands military patrols of waters frequent by vessels carrying oil from another country," explained an official. Consequently, officials said the oil companies would most settle for a peaceful and amicable resolution of the matter rather than escalating into arm conflict. "For instance, in the event of a war, and France will most likely back Cameroon, Nigeria may take it out on Elf Petroleum Nigeria," said another official.

Elf Petroleum Nigeria is in a joint venture with the NNPC and currently produces about 150,000 bpd of oil, with substantial interest in deep offshore blocks. The company has a 15 % stake in $ 3.8 bn Bonny LNG plant. So will the ICJ ruling engender peace or stoke conflict between the two neighbouring countries, whose national soccer teams, the Super Eagles of Nigeria and Indomitable Lions of Cameroon, are arch rivals in the field of football? This is what for now, will keep the Nigerian oil industry on its edge.

Source: This Day