

A History of Oil Exploration in the Niger Delta

Ayanlowo, Oluwatosin Blessing, PhD
History and International Studies Department
Babcock University
Ilishan-Remo, Nigeria
E-mail: ayanlowoo@babcock.edu.ng

ABSTRACT

This paper covers a comprehensive history of the Niger Delta. It gives a detailed description of the area, its formation and its contribution to national development. Furthermore, a comprehensive appraisal of oil exploration in colonial Nigeria is also featured.

Keywords: Niger-Delta, Nigeria, Oil, Exploration, History

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1. INTRODUCTION

1.1 The Niger Delta Region

Topography

The political Niger Delta, which is also referred to as the flood plain spans 70,000 km² (NDDC, 2004), while the actual Delta sits on 25,640 km² which is approximately one – sixth of the total land mass area of Nigeria (Ashton-Jones, 1998). The Delta sits on vast wetland which is located below sea level with various rivers, creeks, lakes, streams, high and lowlands, part of the Atlantic Ocean and confluences. The Delta is a large basin locked up in several pockets of land that have direct connection to the Atlantic, empty themselves in high tides into the Atlantic Ocean, spanning from Badagry in Lagos to Bakassi in the East. However, the most prominent of these rivers is the Niger River which runs about 4,183 kilometers through the Niger Delta area (Prince, 2005). Several characteristics have been attributed to the area to categorize it as a delta. Sparks 1972, highlights a few characteristics which a delta possesses. They include; A large drainage basin for the numerous river sediments in the area, a sheltered coast where oceanic waves are low, shallowness of the offshore waters that lead into the delta. These characteristics are identifiable in the study area, hence its name 'Delta'. Furthermore, of the nine Deltas in the world, the Niger Delta ranks second. The prominence of the Niger River because it controls the tidal waves that empties the river sediments into the Atlantic Ocean, thus the name 'Niger Delta'

Population

The Niger Delta region is home to over 31 million people grouped into several nations and ethnic groups which may include but are not limited to; the Ijaw, Urhobo, Itsekiri, Efik, Isoko, Ikwere, Ogoni, Edo, Etche, Ibibio, Andoni and Kwale-Igbo. In 2000, the Federal government mapped out oil producing states and put them under

the Niger Delta Development Commission (NDDC) including the states as part of the 'Political Niger Delta'. These states include; Imo, Ondo, Cross River, Akwa Ibom, Edo, Abia, Delta, Rivers, and Bayelsa. However, the deltaic core of the Niger Delta is spread over only three states, namely; Bayelsa, Delta and Rivers states. These three states house most of the ethnic groups in the area (Okonta and Douglas, 2001)

Table 1 Breakdown of the population of the political Niger Delta

S/No	State	Male (Million)	Female (Million)	Total
1	Abia	1434193	1399806	2833999
2	Akwa Ibom	2044510	1875698	3920208
3	Bayelsa	902648	800710	1703358
4	Cross River	1492465	1396501	2888966
5	Delta	2074306	2024085	4098391
6	Edo	1640461	1577871	3218332
7	Imo	2032286	1902613	3934899
8	Ondo	1761263	1679761	3441024
9	Rivers	2710665	2474735	5185400
	Total			31,224,577

Source: National Population Commission, 2006 in Ereibi,(2011)

Climate

Just like the rest of Nigeria, the Niger Delta has two major climatic divisions in a year. They are; the dry season, which spans from October till March and the rainy season from April till September. However, the rainy season in the delta region is more massive than in the other parts of the country. Ceaseless rains fall in the months of June, July and September, causing floods and dangerous lightning storms plague the delta in August and September. Furthermore, acid rain is a near normalcy. In this season, inhabitants lose their means of livelihoods, lives and property to the rains. Farmlands are flooded and crops cannot cope with the excessive supply of water. Rivers and ponds overflow and fishing is lost to the weather. Life is particularly difficult for people living close to the Atlantic with life threatening waves hitting the shores from the sea and wind storms that destroy almost anything in its path. The dry season, especially between December and February, witness heavy fog and visibility is impaired (Prince, 2005).

Land and Agricultural Resources

Crops: due to the richness of the land, planting of assorted crops does not need excessive care. Some crops with high potential of bountiful harvest in the Niger Delta include; root crops like yam, cassava, cocoyam, sweet potatoes, etc. grains like Maize and Rice, oil plants like oil palm, Shea Butter, Groundnut, Beniseed, Coconut and so on. Legumes and vegetables like beans, spinach, tomatoes, garden eggs, pepper, okro, onions, cucumber, breadfruit and others, and fruits of assorted types and species.

Spices: Ari Gogo, Sani, Apapa. Other agricultural crops include Cocoa, Rubber, Kolanut, Bitter Cola, Ogbonno, Cotton, Tobacco, Sugarcane, amongst many others. Delta is also rich in many aquatic resources because of its richness in both fresh and salt water. This made fishing one of the foremost occupations of the inhabitants.

Mineral Resources

The richness of the Niger Delta in natural mineral resources is the reason for its importance in the nations' economy, as resources from the area account for 80 – 85% of the nations' economic growth and transformation. Perhaps, some others have seen it as a curse on the area as it has experienced unending unrest stemming

mostly from resource control and management issues. Notable mineral resources that can be found in the area are iron ore, crude oil and natural gas. The situation of some federal manufacturing companies and multinational companies in the Niger Delta are as a result of the presence of these resources. The Ajaokuta Steel Company that produces iron rods is located in the Niger Delta and several MNC's are also housed in the Niger Delta because of its oil and gas deposits (Hyginus, 2003).

2. THE CREATION OF THE NIGER DELTA

To discuss the history of the Niger Delta it is important to highlight the formation and growth of the first city states, which were the Oyo and Benin Kingdom the growth of these kingdom accorded them economic process amongst other regions and it led to the development of seaports doing their coasts with expansion of the Benin kingdom in population to about 100,000 inhabitants also came political, Economic cultural and artistic development. Outside the Benin Kingdom other smaller ethnic groups occupying the present day Niger Delta traded with each other before the arrival of the European in the late 1st century. These ethnic groups include Ijaw, Itsekiri, Oron, Delta, Igbos, Urhobo etc (SDN, 2011)

Economic and territorial expansion brought the Portuguese to the coast of Niger Delta in 1471, however no diplomatic visit was made to the leadership of Benin until 10 years later. Cordial economic relationship and trade was formed between the that territories and the Oba of Benin exchanged peppers, Ivory, terracotta and others for coral beads, textile and other European products Gradually, the Economic relationship became more complex with the introduction of slave trade. Slave trade slowed down intercommunity trade as attentions where shifted to the slave trade due to demands for slaves from European the America New cities and internal and external economic were developed and before the slave trade abolition action 1833 external trade has one again dwindled from slave trade to palm oil Trade. This was because of the industrial revolution in Europe and a need to consistently be lubricated. In addition, the population explosion in Europe increased the demand for the production of certain commodities like soap margarine and boon, this the demand for natural oil grew.

However, towards the end of the 19th century the British began to charter the regions and river system in preparation for the trade. A man named George Goldie (1846-1925) administered the charter and formed a united African Company to oversee the project. The aim of the charter was control, ownership and profit with little regard for the communities in the region. Within a short period, Goldie partnered with some other organization in the area and took control of the lower Niger River, and important trade route, in and of the region he signed treaties with tribal leaders and also penetrated although against verbal agreement to stay along the coast. The company Name changed to "The Natural African Company" and in 1886 were granted a royal charter to administer the Niger Delta (SDN, 2011).

The company under the new charter again changed its name to the "Royal Niger Company". As trading relations continued between the local middlemen and the European traders tensions began to mount as the European traders now had the alternative to choose which ever middleman they felt they could best do business with. These middlemen were from different tribes and eventually conflict ensued when the King William Koko of Nembe refused to allow the Royal Niger Company to shut out to Nambe people from palm oil trade. Unrest between the Royal Niger Company and the Natives and hegemonic campaigns by France and Germany eventually strong armed the Royal Niger Company into selling its interests to the British Government. The British therefore merged the Niger protectorate of Brass, Bonny, Oporobo, Aobh and Old Calabar and this formed the Southern Nigerian protectorate controlled by the British Colonial office.

3. OIL EXPLORATION IN COLONIAL NIGERIA 1903 – 1958

Several Studies have been carried out and written on colonial business ventures in Africa, however scanty literature was found on extensive study of oil exploration in Colonial Africa despite the extensive work and capital invested into the venture during the period under study. Despite all the scarcity literature written on oil exploration especially in Nigeria, by various writers, only two (2) Carland and Njeze, have to an appreciable degree, written somewhat extensively on the topic. However, their research only concentrated on the relationship between the Nigerian Bitumen Corporation and the Colonial offices between the period of 1906 and 1914 (Carland, 1985) and the major oil legislations that were put in place during the period (Njeze, 1978) and summarized other activities between 1918 and 1958 rather hurriedly.

In summary, it is evident that although the British government relied mainly on foreign oil for industrial purposes during this period they also did not do anything substantial or provide substantial support towards the exploration of oil during the period under study rather private British business ventures were the ones that spearheaded oil exploration in the Nigerian colony during the period 1903 – 1914. In the 1890's new uses for crude oil opened up as the development of the new combustion engines soared and these was need oil for illumination and lubrication. This period was also plagued with surplus in supply of fuel to its demand and exploration for all was expending all over the globe. The exploration further intensified when natural gas took over the illumination market and the demand for kerosene drastically dropped. This also brought a totally new class of business ventures as a global oil industry emerged and Britain was not the world stage as a forerunner, however there were small scale British oil industries based in Scotland that couldn't even meet up with the basic demands for refined oil products in the country. Thus, the deficit in supply of oil products had to be met by foreign supplies which incurred even more debt because of distance and transportation.

This problem was further compound as the government was also considering converting their naval vessels to oil burning instead of coal fired. The Admiralty which was the office in charge of colonial affairs for Britain saw this as an opportunity to assert themselves as the first dispensation to undertake an oil policy for the British government and the creation of an oil interest in the vast British colonies which would limit concessions in these areas to only British controlled companies. However, all this period, only Burma and Canada had oil of all the British colonial empires all around the world. This made up a meagre 1.32 percent in 1900 and 3.8 percent in 1914 with the inclusion of Trinidad, Egypt and Brunei. Thus Britain decided to expand their search for oil to include African colonies, especially along West Africa, where explorers had noticed that pieces of Bitumen washed up the shores of the Atlantic Ocean and oil seepages were noticed over a wide area. Oil exploration prior to the First World War was mainly dominated by small oil companies from either United States or Britain, and they recorded varying degrees of success. Excitement over how much, returns the British government would make on investments they took drove them to pump substantial investments abroad which amounted to over £14.3 million in 1907 and £40 million in 1913. Over this period, over 592 companies operating in oil related matters (downstream and upstream) were registered to the British government. It is from those crops of companies that the first oil companies to explore oil in Nigeria emerged (Steyn, 2009).

Officially oil exploration in Nigeria started in 1903 when Nigerian properties (limited) and the Nigeria and West African Development syndicate (limited) started exploring oil, coal and Bitumen in the area. The concessions awarded them by the colonial offices only covered about 400m² of the Agbabu – Mulekangbo area in the Lekki – Lagoon area in the Southern part of Nigeria. Bernard A Collins (1903 – 1905) and A. H. Harrison (1904-5), after investigations in the area, confirmed that Bitumen and petroleum may be found in the area.

Reports of their findings stated that:

“Notwithstanding the shallow depth at which the deposits occur and the tropical heat of the territory, the Bituminous deposits so far located are in a plastic conditions; it seems to show that there is still a flow of liquid from the original source and gives the expectation that oil exists in considerable quantity”.(Steyn, 2009:251)

However, because of the size of their companies, their activities were greatly reduced. However in 1905, this changed as the interest of a British Business man John Simon Bergheim was aroused in the possibility of oil in the colony. Bergheim had worked in Galicia and Romania and even co – owned / founded Galizische Karpathen – Petroleum – Actiengesell Schaft which provided him ample experience in oil exploration and other oil related activities. His interest in Nigeria in 1905 came at a period when other British oil investors concentrated on places in Eastern Europe and the America’s and he established the first oil company when was going to explore Bitumen and Crude oil in Southern Nigeria. Bergheim founded the Nigerian Bitumen Corporation in 1905 with the sole aim of taking over the concession area which had been awarded Nigerian properties and Nigeria and West African development syndicate, to carry out the exploration activities from where they stopped. He also expanded his concession area in 1906 by buying over the concession area that had been awarded Northern Nigeria syndicate, a third oil company which had also been given concession prior to 1905 and occupied the area opposite of where the Nigerian Bitumen Corporations were presently carrying out their running activities.

As earlier stated the period before 1914 was a period when small investment companies invested heavily in the oil business. Most of them did not have the capital base to fund the oil ventures, thus they had to turn to the British government for funding. The Nigerian Bitumen Corporation was not an exception as Bergheim also request for state assistance in 1906. However, the British government was reluctant to oblige the financial requests as it had lost a lot of investments funding speculative oil ventures that eventually did not materialize. Despite several concessions the oil companies were willing to undergo in exchange for governmental financial assistance, the British Government did not bulge on their non – involvement decisions, not until 1914 when they eventually became a major stakeholder in the Anglo – Persian oil company.

However, Bergheim’s situation was different, because in 1906, he finally got approval for a £25, 000 loans and the first installment was paid. This was possible for two major reasons; first, Bergheim was a persistent person, and secondly, the Governor of Southern Nigeria supported him strongly. He (the governor) believed that Southern Nigeria was a promising area rich in various agricultural and mineral resources and he wanted the colonial government to play an active part in the discovery and marketing of these resources. It was for this reason he strongly supported the granting of a loan for Nigeria Bitumen Corporation (Steyn, 2009).

Mining operations by Nigerian Bitumen commenced in 1906 and a Canadian geologist was employed to oversee the operations by the name of Frank Drader. The operations of the company brought positive and negative development to Lekki vast area of land were cleared to build housing units, trams were constructed to assist mining operations and in the same vein, wells were drilled which caused pollution and oil spillage between 1908 – 1912, the company shifted focus from mining Bitumen to mining oil and 15 oil wells were drilled in their Lekki Lagoon concession area. The fifth oil well drilled in 1908 marked the first discovery of oil. However it was not as active as anticipated and it produced more environmental impact than Economic importance.

In a correspondence written by Van Sickle, the geologist in charge of the drilling, to his wife, he expressed.

“We got No 5 on oil again and it started to flow at the rate of about 2000, bbls per day, but after it had flowed a few hours, at this rate it came on hot water and we are only getting about 50 bbls of oil from it now. I expect there was great excitement in London when they got the news that suiogu was flowing so much oil. The lagoon is at present all covered with oil... and there was so much oil at our wharf here that the doctor got all covered last night when he went swimming, which he does every night...” (Steyn, 2009:254).

The most successful discovery the company made was in oil well 12 however, the company could not convert it to profit. The struggled with natural factors such as water intrusion in which they had no equipment with which they could stop the intrusion or separate the flow of oil from water. This was common with most of the other promising oil wells that had been dug. Furthermore, the company was financially handicap by July 1912 and it only had capital to sustain operations for the next 6 months. Bergheim appealed for another loan from the colonial office but before his loan could be processed he was involved in an auto crash that claimed his life in December 1912. Consequently, the governor of the Southern Nigeria was also replaced by Sir Frederick Laggard. These tragic incidences coupled with the mining difficulties the company was challenged with, the colonial office declined the loan approval and in 1913, the Nigerian Bitumen Corporation ceased all operations in Nigeria.

During the period Nigerian Bitumen was operating in Southern Nigeria, other companies had also been granted mining licenses one of which was the British colonial petroleum corporation which emerged out of the Nigerian Investment group and had acquired concession in southern Nigeria since 1906. The British Colonial Petroleum Corporation was in contract with the Nigerian Bitumen Corporation, where the latter was to act as a consultant on oil related activities and they were to receive 10% of the overall profit. The Nigerian Investment Company funded the British Colonial Petroleum with £35, 000 to start mining operations in its concession area located in the Benin District. After mining unsuccessfully in the area for four years, the company ceased operations in Nigeria in 1913.

Bergheim’s contributions to the Nigerian oil industry cannot be overemphasized. Besides pioneering mining operations in Nigeria he also championed the development of a Nigerian mining regulation ordinance in 1907. Amongst many other policies, the ordinance made the exploration of oil in Nigeria an exclusively British venture, with British controlled companies, having British Directors. This ordinance was also infused into the revised 1914 minerals oil ordinance, which included other areas of the newly amalgamated Nigeria. This minerals oil ordinance was maintained with few amendments until 1958. The ordinance, also dictated the size of the concession to be given to oil companies and also the right of the governor to enter into agreement with native authorities over the purchase of land and mine above and beneath without payment royalties on minerals or any other resource found there in. This greatly angered the Lagos elite, and the native authorities.

An amendment to this ordinance was suggested by C.S Sapana Williams that the native authorities be entitled to “a fair and reasonable portion of the royalties received from the minerals obtained” from their land. This proposal was supported by the unofficial members of the council, but because majority votes were held by the governor and the official members, the proposal was declined. From 1914 till 1928, no major oil exploration activities took place within the colony and mineral survey and other survey parastatals, subjected their finding to previous works done by oil companies.

The end of the first world was brought a new thirst for crude oil products as the world was trying to meet up with the shortfalls experienced during the first world war and an expansion of the global oil Industry was paramount. Again the British government began to intensify their search for oil, partly because they did not want to continue to rely on American oil which made up about 80% of crude oil needs and also because the imperial state needed to increase its relevance in the global industry as it only accounted for 2.5 percent of global production which decreased drastically to 6 percent in 1927. Despite the quest for oil in the British Empire, the British government still did not provide financial assistance to oil companies undertaking exploration in the colonies, neither did they open up the colonies for companies from other continents to explore despite continuous agitations by the American government. After all the recorded failures in the colonies, it was quite difficult for the British government to convince British oil concerns to invest in oil explorations in the colonies and after the first world war, only two companies showed Interest; Darcy Exploration corporation and Whitehall petroleum corporation (Steyn, 2009).

D'Arcy Exploration corporation was a subsidiary of Anglo-Persian oil company, a company whose major aim was to compete favorably with Royal Dutch/ Shell and standard oil in the global oil Industry. Anglo-Persian Oil Company initially owned several concession areas around the global including places like Canada, Gold coast, Venezuela, Burma amongst other but relinquished them in the 1920, claiming they had unsatisfactory geological evidences, while in reality, the host governments had served them steep ended terms and conditions could not comply with.

In 1921, after a series of negotiations and agreement with the Admiralty, D'Arcy Exploration was granted license with a concession area that stretched from the border, with Dahomey in the west to the Niger River, extending 50 miles inland from the sea. Their choice of concession area was greatly influence by former exploration activities carried out by Nigerian Bitumen corporation Geological investigations started in 1923. No findings were made and D'Arcy exploration did not renew it exploration license until 1924. By this time, Whitehall Petroleum Corporation had also given up its concessions in Nigeria and moved back to Europe. Active exploration did not commence by D'Arcy Exploration until 1933 following a geological report by on the wide occurrence of oil and Bitumen seepages along the Nigerian coastline. This time D'Arcy Exploration partnered with Royal Dutch/shell with which they had started consolidating with in other regions of the Africa like middle and East Africa, as far back as 1928. On 10 August 1936, the joint venture of D'Arcy/Shell submitted an application to explore oil in the whole of Nigeria, Kenya and Tangayika. Their license was approved that they could explore the whole main land Nigeria in 1937, and later that year the name was changed to Shell overseas Exploration Company limited.

The joint venture started their exploration activities around Enugu, Port-Harcourt, Nsukka Okigwe-Afikpo escarpment, Benin City and Forcados, with their headquarters pitched at Enugu. At the end of 1939, it was recorded that about £70,000 had been spent on oil exploration by Shell/D'Arcy other Exploration activities in Kenya and Termgayika proved abortive and thus, work was suspended there to concentrate on Nigeria. The outbreak of the Second World War, set the companies back majority and by 1941, when no substantial result had been gotten, the colonial office informed the companies to suspend their operations, with the permission of the governor of Nigeria. (Steyn, 2009).

By 1946, the joint venture resumed exploration, however the aftermath of the war, left them short staffed. Earlier findings revealed to them that the most promising area to unearth oil-yielding structure was in Eastern Nigeria, also they started work in Owerri, Okigwe and Umuahia regions. Two large camps that were shuttled by helicopters were established in Owerri and Okigwe respectively.

The Owerri camp developed rapidly and later attained a headquarters status until it was formally moved in 1961 to Port Harcourt. The discovery of oil in Nigeria was not economically valued globally yet as there was still the doubt of it being found in a commercial quality and quantity in the region. Hence, it did not feature in the 10year Nigerian plan for development and its subsequent revision in 1951. The joint venture however, enjoyed greater support from the Nigerian government than other oil companies that had mired in the offered them at very affordable rate and more importantly even in the face of local opposition, the joint venture enjoyed strong support.

It is worthy to note that the period after Nationalist awareness and movements across Africa which Nigeria was not an exception. In Nigeria, Nigerian colonial administration faced heated opposition from the nationalist movements in Eastern Nigeria. Particularly, there was a well-organized nationalist movement led by Dr Nnamdi Azikwe and the National council for Nigeria and the Cameroun (NCNC). Azikwe rallied support to campaign against the mineral ordinances which invested exclusive right of mineral deposit in the crown. Publication of these grievances against of the colonial government in his newspaper further escalated the grievances of the local communities to the joint venture and brought it to the open. The joint ventures and brought it to the open. The joint ventures did not provide the local communities with ample information on the nature of the activities they carried out on their lands and the size of their concessions. Thus, land owners in Okigwe and Afikpo area demanded an explanation on the activities of Shell/ D'Arcy on their lands from the legislative council.

The joint venture did not have any rapport with the local communities as the mineral ordinance did not require the joint venture to take permission from the locals before carrying out explorative activities on their lands. Furthermore, the government guaranteed the oil company protection from anyone who may interfere or impede their work with an ultimate punishment of imprisonment. The only positivity for the local communities in the ordinance was an offer of compensation (payable to the local community) on their farmland or crops of which the compensation price would be set by the District officer. As earlier mentioned mining operations after the Second World War commenced in the East however, the people of Ikeduru vehemently opposed the activities of the joint venture on their land. They rejected the government claims over all minerals on their lands and warned the joint venture, “ stop meddling with their inalienable mineral rights”.

Subsequently, they ordered both the joint venture and the Owerri District officer out of their lands. This prompted other regions to also reject exploration activities on their lands. Even communities who were not part of the joint venture concession area on exploration equally drew up petitions against any companies mining on their lands. The reaction of the legislative council to all of these uproars was a threat to use force. However the colonial government and joint venture did not intend to use confrontational methods in handling local oppositions to oil explorations. In 1949, the colonial government while expressing its dismay over the misunderstanding between the joint venture and the local communities, expressed that the joint venture had no power to acquire land from land owners and adequate compensation would be paid the land owners for damages incurred. They further expressed that the activities of the joint venture were for the best of the future of Nigeria.

The joint ventures also took steps remedy the misconception that had been formed about them buy informing the resident of Onitsha in 1949, of an exploration activities which they intended to embark upon, a week from the date of information. They further provided a detailed document on their plan and activities over the period. These gestures satisfied the nationalist leaders and local communities during the period. Nationalist leaders also eventually came to the realization of the advantage and financial viability the future Nigeria could stand to gain from the activities.

Unfortunately the relationship between the governor and the governor stified when he made certain demands that would set a bad precedent, not only in the colony, but in other parts of the world where the joint venture had business.

These demands were;

1. To form a new local company that would be responsible for the development of Nigeria's oil resources.
2. The joint venture institute a sharing formula for the profit between the company and the Nigerian government
3. The colonial government appoint a director onto the board of the company
4. The Nigerian to have access to a portion to a share capital of the company. (Steyn, 2009)

Unfortunately the executive council voted in favour of the joint venture to uphold the existing status quo which was the term in which the joint venture started its operation with an allowance of payments of rents, only when the explored oil began to be exported. Oil exploration became an issue of national interest from this period on and search for commercial oil intensified. Shortly after, Shell/D'Arcy obliged to form a locally incorporated company, which they named the Shell/D'Arcy Petroleum development company of Nigeria limited and it was registered in Lagos in 1951.

The joint venture also adopted a limited policy of Nigerianization. This was a period when the colonial masters expressed that the country was being prepared for independence, However, the Nigerianization of most British companies were too slow and this often caused disagreement between the colonial government and the nationalist leaders. Shell /D'Arcy was no exception as by 1954 the company had enlisted only three Nigerians as occupying senior level positions out of a total work force of 2, 088 staffs.

Shell/D'Arcy concessionary area increased after the 2nd world war and subsequently reduced until 1954, when they occupied only 13, 800m². This was owing to extensive exploratory activities that had been carried out all over Nigeria and had rendered other places with limited or no oil possibilities between 1951 and 1957. Mining was concentrated, interalia, in the Orlu, Okigwi, Owem and Bende Divisions, the Awka, Awgu, Onitsha, Nsukka Divisions, The Igala Divisions of the Kabba Province, Akata in the Calabar Province, and the Ashan and Asaba Divisions of the Benin province. Between 1951 and 1956, the Joint Venture drilled eighteen exploration wells. Oil and gas were found in Akata in 1953, but the oil was not in commercial quantity. In January 1956, oil in commercial quantity and quality was finally discovered in Oloibiri, 72km west of Port Harcourt (at a depth of 12, 008ft) and subsequently oil was also discovered in Afam, 40km east of Port Harcourt. By 1958, the Joint venture had found oil in 12 areas, of which Oloibiri, Afam and Bomu, were the most promising. Oloibiri well was increased to a depth of 131, 000 and production began.

By this time, the company had already begun to construct 6" 10" diameter welded steel oil pipelines which were to be used to transport crude to the terminal in Port Harcourt. Pipes were laid in Umualogu Village (Ahoada Division), Egbema Village (Degema Division) and Obeakpu Village (Aba Division) to Port Harcourt. By 1958, 3, 000 barrels of oil left Oloibiri daily and by March 8, 1958, the first shipment of oil from Nigeria arrived at Rotterdam at a quantity of 8, 500 tons of crude oil. Between 1936 and 1958, Shell/D'arcy had spent a total of £27million in investment (Steyn, 2009). This ushered in a new era in Nigeria's Oil Industry and Nigeria's Economy, in general. Other multinational oil companies were attracted by Shell/D'Arcy's success. Before the discovery of oil in Oloibiri, Opening up the oil exploration market to other companies was already underway with Mobil Exploration Company Nigeria limited (a local subsidiary of Socony – Mobil Oil Company).

Mobil's concession covered most of Northern Nigeria and it took it not too long a time to discover why Shell/D'Arcy did not pursue operations in that area. The discovery of oil in Nigeria coincided with the 1956 Suez crisis and multinational companies swarmed into Nigeria because they perceived Nigeria was on the right side of the Suez Canal. By 1958, other oil companies like Gulf oil, Tennessee Gas transmission, the Italian firm ENI, and the Societe Anonyme Francaise des Recherches et d'exploration de Petroles (SAFRAP) all obtained concession between 1960 and 1962.

Conclusively, it is evident that the oil industry in Nigeria did not evolve overnight however, it took long protracted difficult circumstances to get the industry off the ground. These were due to numerous factors. Firstly, The Nigerian environment proved to be the greatest enemy of itself as the terrain required technology the oil industry did not possess to mine during the period. Secondly, The British government were very uncooperative in promoting oil exploration in colonial Nigeria. Application for concessions often took long and protracted process without incentives offered to the oil companies to keep their interest in Nigeria even when their initial investment was exhausted and the only way companies would survive was by entering into joint ventures with bigger oil companies that had the financial resources to fund the protracted search, coupled with the technological know-how and the professional expertise, all of which were responsible for the success of Shell/D'Arcy in Nigeria. The dominance of large oil companies never diminished even after the ordinance permitted other oil companies to own concessions in Nigeria. Moreover, the dominance continued up until the 1970, when Nigerian government obtained a majority state in all oil companies operating within Nigeria; Nigerian investors never stood a chance in participating actively in the nation's largest industry and opening up the oil industry to smaller indigenously owned companies in the 1990's did not make a difference.

4. CONCLUDING REMARKS

The British operation and mineral ordinance act ensured the industry would always be plagued with foreign domination and local participation did not stand a chance even after independence. It also ensured that local communities were excluded in active participation and exploration of this important resource, confining them to roles that wouldn't go beyond semi-skilled and unskilled labour. Support for foreign oil industries over local population is not a recent phenomenon as observed in the study so far. This is obvious in the support of the colonial government with the joint venture over the local communities in 1940 and the decision of the Executive Council in 1949 to allow the joint venture to continue to work along their own terms as oil exploration was of national interest to Nigeria. Oil has remained of national interest to the country till date, at the detriment of local problems and concern, until now, when oil producing communities have decided to force the oil industry, the Nigerian government, and the world to take note of their grievances against oil production in their local environment.

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