

Nigeria's booming illegal oil refineries

By Will Ross BBC News, Niger Delta

The vegetation ended abruptly and the color of the landscape turned from green to black. I was getting a rare look at the booming trade in stolen oil in southern Nigeria.

"Here is our business place," a man, who did not want to give his real name but asked to be called Edward, told me as we walked around a remote, heavily polluted palm-tree fringed creek in Ogoniland in the Niger Delta.

"We use these to go and collect our natural resources - our crude oil," he said, pointing to a boat lying on its side.

In the middle of the night, to avoid being caught, they break into the oil companies' pipelines and help themselves.

"We settle with the army people. If they see money in your hand they will take that"

-Edward Illegal oil dealer

Dotted along the creek were dozens of large drums used for boiling up the oil.

They had pipes sticking out from them leading to troughs into which the oil is collected; then gasoline is made and sold in local markets or trucked to other countries to be sold on illegal markets.

Next to each home-made refinery are pits full of bitumen (asphalt to make roads) which is sold to road construction companies.

"Almost 400 people work here and every night we produce around 11,000 liters of gasoline," said 32-year-old Edward, adding that his elder brothers had learned all about the business in Bakassi, near the Cameroonian border with Nigeria.

Fatalities

The work is dangerous.

They have to be extremely careful to ensure the product - gas - does not ignite and cause an inferno (fire).



Most people who live in the creeks of the Niger Delta do not benefit from the oil wealth

"It is so dangerous but there is nothing else we can do in order to make a living," said a 25-year-old man who asked me to call him Andy.

"Many of our brothers have died and are injured. We also get diseases from it and get rashes on the body." I was told the last fatality was in 2011.

The military is supposed to be stopping all this and some operations have been disrupted but the effort is seriously hampered by the desire to get in on the action.

"We settle with the army people. If they see money in your hand they will take that," Edward said.

"If not they will take products from you. If we have 10 drums we will give them two," he said, adding, "It's very normal."

Nigerian Finance Minister Ngozi Okonjo-Iweala told the London Financial Times recently that the trade in stolen oil had led to a 17% drop in official oil sales in April - equivalent to around 400,000 barrels a day.

That is a whopping \$1.2 billion lost in a month.



Oil theft is not new here. Before the 2009 agreement that brought peace to the Niger Delta, militants used to break into the pipelines to get money to buy weapons.

The peace has enabled the oil companies to significantly increase their oil production - which means much more money for the government.

So oil theft is not as bad as it used to be. Shockingly, it used to be worse, when different ethnic groups were fighting over rights to the oil!

But how wise is it to allow lawlessness to continue in an already neglected, fragile region of Nigeria so critical to the nation's economy?



There is concern about the environmental damage oil spills cause to the region

The government is setting up a task force which will also include officials from oil companies as well as the military.

But few analysts expect any change - too many people are benefiting, including former militants.

Most of the stolen oil is pumped straight from the pipeline onto boats which then transfer the valuable oil onto ships waiting off shore - an operation known as bunkering. These ships then head to refineries around the world.

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It is like a business in the community - even some of the chiefs are involved"

Mpaka JackShell official

"It is a huge problem and it is only getting worse," says Philip Mshelbila of Shell Petroleum Development Company of Nigeria.

"For us we lose somewhere between 40,000 and 60,000 barrels a day to oil theft and this is only what is lost in the measured sections of our pipeline. The large proportion we think ends up in refineries around the world."

The oil companies' hands are tied, as they do not have the power to arrest anyone or to intervene.

They have to rely on the military response, which is clearly ineffective.

It is widely believed that powerful politicians are also involved in the business.

Shell says in an effort to stop the theft it is now constructing its new pipelines 4 meters underground and is covering them with a slab of concrete.

It is also laying pipes within "false pipes" to make the work of the men with hacksaws harder.

'Quite brilliant'

In addition to the impact on the money it makes, Shell is also pointed out the environmental damage caused by the oil theft and illegal refining.



From the air, the illegal refineries are more visible.

This is an issue for which Shell itself has been criticized following numerous well-publicized oil spills of its own.

Last week Nigeria's oil regulator proposed fining Shell \$5bn over a 40,000 barrel oil spill in the Atlantic Ocean last December.

I flew with officials from Shell over some of the affected areas of the Niger Delta.

From the air you see not only the scale of the oil theft - there are dozens of similar sites to the one I visited - but also the oil shine on the water and the complex maze of creeks and channels which the men involved in the illegal business use to hide and get away with stolen oil.

"They are quite brilliant at it. They are hard to detect because there are so many creeks, you can't block all of them and these guys are native to the area - they know all the creeks," said Mpaka Jack, who is in charge of surveillance of the Shell pipelines.



The oil companies rely on the military to police the lawless Niger Delta

The company has contracted more than 9,000 people to keep watch of the pipes but it admits there is a possibility that some of these workers turn a blind eye for a piece of the illegal business pie.

"If the military Joint Task Force is really committed and with help from the communities we can bring this to a stop. But without that commitment it won't happen because it is like a business in the community - even some of the community leaders are involved," Mr Jack said.

Back at the refinery Edward and his brother Andy headed home to get some sleep before another night shift.

Both men said they would like to find a way out of the business but saw no other options in an area where there are not many other jobs.

"I finished my secondary school with two A grades and seven credits. But I had no financial support to continue my education so I'm just doing this business with my brothers," said Andy.

It seems somewhat ironic that in a place so rich in resources, poverty is trapping people in this dangerous, illegal business.