

Development of Nigeria's Oil Industry

The advent of the oil industry can be traced back to 1908, when a German entity, the Nigerian Bitumen Corporation, commenced exploration activities in the Araromi area, West of Nigeria. These pioneering efforts ended abruptly with the outbreak of the First World War in 1914.

Oil prospecting efforts resumed in 1937, when Shell D'Arcy (the forerunner of Shell Petroleum Development Company of Nigeria) was awarded the sole concessionary rights covering the whole territory of Nigeria. Their activities were also interrupted by the Second World War, but resumed 1947. Concerted efforts after several years and an investment of over N30 million, led to the first commercial discovery in 1956 at Oloibiri in the Niger Delta.

This discovery opened up the Oil industry in 1961, bringing in Mobil, Agip, Safrap (now Elf), Tenneco and Amoseas (Texaco and Chevron respectively) to join the exploration efforts both in the onshore and areas of Nigeria. This development was enhanced by the extension of the concessionary rights previously a monopoly of Shell, to the newcomers. The objective of the government in doing this, was to he pace of exploration and production of Petroleum. Even now more companies, both foreign and indigenous have won concessionary rights and are producing. Actual oil production and export from the Oloibiri field in present day Bayelsa State commenced in 1958 with an initial production rate of 5,100 barrels of crude oil per day. Subsequently, the quantity doubled the following year and progressively as more players came onto the oil scene, the production rose to 2.0 million barrels per day in 1972 and a peaking at 2.4 million barrels per day in 1979. Nigeria thereafter, attained the status of a major oil producer, ranking 7th in the world in 1972, and has since grown to become the sixth largest oil producing country in the world.