

HISTORY OF THE NIGERIAN PETROLEUM INDUSTRY

Oil was discovered in Nigeria in 1956 at Oloibiri in the Niger Delta after half a century of exploration. The discovery was made by Shell-BP, at the time the sole concessionaire. Nigeria joined the ranks of oil producers in 1958 when its first oil field came on stream producing 5,100 bpd. After 1960, exploration rights in onshore and offshore areas adjoining the Niger Delta were extended to other foreign companies. In 1965 the EA field was discovered by Shell in shallow water southeast of Warri.

In 1970, the end of the Biafran war coincided with the rise in the world oil price, and Nigeria was able to reap instant riches from its oil production. Nigeria joined the Organization of Petroleum Exporting Countries (OPEC) in 1971 and established the Nigerian National Petroleum Company (NNPC) in 1977; a state owned and controlled company which is a major player in both the upstream and downstream sectors.

Following the discovery of crude oil by Shell D'Arcy Petroleum, pioneer production began in 1958 from the company's oil field in Oloibiri in the Eastern Niger Delta. By the late sixties and early seventies, Nigeria had attained a production level of over 2 million barrels of crude oil a day. Although production figures dropped in the eighties due to economic slump, 2004 saw a total rejuvenation of oil production to a record level of 2.5 million barrels per day. Current development strategies are aimed at increasing production to 4million barrels per day by the year 2010.

Petroleum production and export play a dominant role in Nigeria's economy and account for about 90% of her gross earnings. This dominant role has pushed agriculture, the traditional mainstay of the economy, from the early fifties and sixties, to the background.

Major Events in the history of the Nigerian Oil and Gas

Date	Events
1908	Nigerian Bitumen Co. & British Colonial Petroleum commenced operations around Okitipupa.
1938	Shell D' Arcy granted Exploration license to prospect for oil throughout Nigeria.
1955	Mobil Oil Corporation started operations in Nigeria.
1956	First successful well drilled at Oloibiri by Shell D'Arcy
1956	Changed name to Shell-BP Petroleum Development Company of Nigeria Limited.
1958	First shipment of oil from Nigeria.
1961	Shell's Bonny Terminal was commissioned. Texaco Overseas started operations in Nigeria.
1962	Elf started operations in Nigeria. (As Safrap)

	Nigeria Agip Oil Company started operations in Nigeria
1963	Elf discovered Obagi field and Ubata gas field Gulf's first production
1965	Agip found its first oil at Ebocha Phillips Oil Company started operations in Bendel State
1966	Elf started production in Rivers State with 12,000 b/d
1967	Phillips drilled its first well (Dry) at Osari -I Phillips first oil discovery at Gilli-Gilli -I
1968	Mobil Producing Nigeria Limited) was formed. Gulf's Terminal at Escravos was commissioned
1970	Mobil started production from 4 wells at Idoho Field Agip started production Department of Petroleum Resources Inspectorate started.
1971	Shell's Forcados Terminal Commissioned Mobil's terminal at Qua Iboe commissioned
1973	First Participation Agreement; Federal Government acquires 35% shares in the Oil Companies Ashland started PSC with then NNOC (NNPC) Pan Ocean Corporation drilled its first discovery well at Ogharefe -I
1974	Second Participation Agreement, Federal Government increases equity to 55%. Elf formally changed its name from "Safrap" Ashland's first oil discovery at Ossu -I
1975	First Oil lifting from Brass Terminal by Agip DPR upgraded to Ministry of Petroleum Resources
1976	MPE renamed Ministry of Petroleum Resources (MPR) Pan Ocean commenced production via Shell-BP's pipeline at a rate of 10,800 b/d
1977	Government established Nigerian National Petroleum Corporation (NNPC) by Decree 33, (NNOC & MPR extinguished).
1979	Third Participation Agreement (throughout NNPC) increases equity to 60%

	<p>Fourth Participation Agreement; BP's shareholding nationalized, leaving NNPC with 80% equity and Shell 20% in the joint Venture.</p> <p>Changed name to Shell Petroleum Development Company of Nigeria (SPDC)</p>
1984	Agreement consolidating NNPC/Shell joint Venture.
1986	Signing of Memorandum of Understanding (MOU)
1989	Fifth Participation Agreement; (NNPC=60%, Shell = 30%, Elf=5%, Agip=5%).
1991	Signing of Memorandum of Understanding & joint Venture Operating Agreement (JOA)
1993	<p>Production Sharing Contracts signed –SNEPCO</p> <p>Sixth Participation Agreement; (NNPC=55%, Shell=30%, Elf= 10%, Agip=5%).</p> <p>The coming on-stream of Elf's Odudu blend, offshore OML 100.</p>
1995	<p>SNEPCO starts drilling first Exploration well.</p> <p>NLNG's Final Investment Decision taken</p>
1999	NLNG's First shipment of Gas out of Bonny Terminal.
2000	NPDC/NAOC Service Contract signed
2001	Production of Okono offshore field.
2002	<p>New PSCs agreement signed.</p> <p>Liberalization of the downstream oil sector.</p> <p>NNPC commences retail outlet scheme</p>
2003	<p>Total Liberalization of the Downstream Oil sector.</p> <p>Shell Achievement of 1 million Barrels per day</p> <p>Petroleum Products Pricing Regulatory Bill passed and signed into law.</p>
2004	Shell Restructuring Exercise that change business approach and place Nigerian on Top positions
2005	<p>Jan.-Basil Omiyi appointed as first Nigerian Managing Director and Headquarters of SPDC moved from Lagos to Port Harcourt.</p> <p>Sept.-Basil Omiyi appointed Country Chair Shell Companies in Nigeria</p> <p>Oando became the first African company to be listed on the Johannesburg Stock Exchange</p>