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COLLEGE OF BUSINESS ADMINISTRATION  
Department of Finance, Insurance, Real Estate and Law

**“Maximizing the Wealth of Nigerian and Sub-Saharan African Oil and Gas/Mineral Development-While Preserving and Enhancing the Social, Economic, and Environmental Solution for the Future!”**

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\*The author is prepared to travel and present this paper in a dynamic/entertaining presentation to any government, company, organization, conference, or workshop that will advance the topics and objectives of the paper/research presented here.

“Maximizing the Wealth of Nigeria  
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Mineral Development-While

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## Objective of the Research

The overall objective of this paper is to offer an overall view of the tremendous oil and gas wealth/income of Nigeria and other African nations and explore the possibilities of some small “insignificant” reallocation or equity/cashflow wealth sharing for the vast majority of the citizens in order to promote better health, welfare, and safety of the general population as well as improve the economic status and self reliance of all the people of Africa. I am in no way finding fault with any country, leader, political system, oil company, or international body. The research seeks political, corporate, and economic solutions to reduce the loss of destruction of oil and gas income due to local and regional conflicts/ “terrorism” and to reduce the total cost of oil and gas production, maximizing oil and gas development at the reduced risk levels, and less potential for violence while improving the economic status of all the citizens of Africa. The cost/benefit analysis of a voluntary or international oil and gas market imposed 10% royalty of annual gross income, by country, directly to each citizen through an off-shore trust fund or organization without corruption is presented as well as the many positive impacts. Ways to implement the concept without corruption is presented in the paper. The results would lead to less violence, less cost to keep peace, less production disruptions, and more oil and gas production by each country and international or domestic oil company.

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## The Importance of Africa for Present and Future Worldwide Oil and Gas Production

There is absolutely no shortage of oil and gas in Africa or the world today, only a shortage located in the industrial nations that use more than they can produce in the United States, China, India, Japan, etc. The African socio-economic and political environment however is challenging and risky to companies seeking to develop these mineral resources. Every oil and gas producing nation believes they are the center of the world's universe and that the world cannot live without them (i.e. Nigeria) however each country is now competing on offering stability to the oil operation companies. In Michel and Beuret (2009) book China Safari, there is a reference to John Ghazrian's quote:

"African oil is less expensive and better quality, is more accessible and less dangerous to drill than elsewhere in the world and every day it looks like there could be more of it." (CEDEJ-Centre detudes et de documentation economiques, juridique et sociaux. 2009)

New oil and gas deposits and confirmed reserves are extensive in Africa and may soon change the GeoPolitical landscape of oil production in the world. New oil and gas exploration and production, technologies, engineering, seismic geology, directional drilling, horizontal drilling, and hydraulic fracturing/stimulated techniques have greatly reduced the high risk of "dry holes" and increased the economic returns and ultimately production of newly discovered reserves. The following significant discoveries and drilling activity have been reported in Africa using references from a variety of sources and references.

**(See Table I New Discoveries, Production and Oil and Gas Activities in Africa 2009)  
(See Appendix References 10-20)**

In Africa today there are many new and exciting oil and gas prospects, discoveries, and production projects both on-shore and off-shore, however many projects are kept secrets by companies and host country government officials for a variety of reasons but the most frequent reason offered is for "commercial and company proprietary reasons." For public company reporting, there are excellent contemporary and specific data available for production from Nigeria and emerging African oil producing companies. (Oil and Gas Journal: Major Drilling Production Projects by Firm, August 10, 2009.)

And, yet there are relatively few drilling rigs operating in all of Africa due to several factors as of 2009. Only 57 oil and gas drilling rigs are active in all of Africa which represents only 2.74% of the total of 2,080 rigs world wide as of July 2009 (Baker Hughes, 2009). In the richest undeveloped oil and gas reserves in the world, there is relatively little drilling activity due to the high political and economic risks caused by unsettled conditions in Africa, although 12.12% of the world's total production currently is produced there. (8.576 Million BBLs/day- Africa ÷ 70.296 Total BBLs produced daily worldwide=12.12%)

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Nigeria is one of the world's leading suppliers of oil, but the people are among the poorest in Africa (Wright, 2009). Oil and gas production and supply disruptions have been significantly increasing in recent years to the extent that a complete collapse of the production and exportation of oil representing 95% of the country's exports and income may be eminent (October 2009). Recent examples of industry attacks and violence are as follows: **(See appendix/supporting material attached 1-64)**

- Oil depot and oil docks in Capital City, Lagos, Nigeria attacked and seriously damaged by "Nigeria Militants" (Connors, 2009).
- Unrest, criminality and militancy, in the Niger Delta has cost the country billions of dollars in lost oil revenue.
- Over 10,000 Nigerian people have been killed in oil related disputes in 2009.

A key reason for the conflicts are a result of different viewpoints and objectives of various stakeholders and especially those "stakeholders" who receive nothing which causes strife and civil disobedience.

**(See Table II-Stakeholders Conflicting Objectives for Oil and Gas Development, etc)**

Nigeria's primary income revenues are at risk of being lost or greatly reduced for several important reasons:

- Violence in other locations in Africa have directly or indirectly related to oil and gas issues but mostly over various stakeholders wanting a share of potential income

**(See TableIII-Africa Deaths Related to Oil and gas Related Issues)**

- Country, regional, and local, and local war, civil war, and violence has the same pattern of causes and effects based on land issues and oil and gas potential income.

"Yet oil has blinded both sides to the question of land, Heglig and Bamboo (Sudan) Produce low quality (and quantity) crude oil."

Table IV presents the theory that the more oil and gas local stakeholders/shareholders; the more peace, safety, stability, and economic prosperity for any region. This table represents a generalized, however perhaps over simplified, demonstration of different locations in the world and some comparative analysis of oil production and peace, safety, stability, etc.

**(See Table IV-The More Oil and Gas Local Stakeholders/Shareholders; The More Peace, Safety, Stability, and Economic Prosperity for the Region)**

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## Hypothesis of the Paper

1. That there are tremendous oil and gas researches that exist in Sub-Saharan Africa that can be economically produced in the absence of violence, insecurity, and lawlessness.
2. That various countries and companies will use whatever means necessary to gain access to oil and gas resources and existing African country leadership will cooperate in order to gain wealth. (Ethical and unethical business practices, corruption, private armies, building huge public projects, loans, foreign troops, genocide, etc. and that oil and gas development will occur in the future.
3. That the current lack of citizen wealth sharing and allocation of oil and gas income, royalties, taxes, and other benefits to various citizens and citizens' groups is the central cause and effect of the present unrest and violence in Africa. Stakeholders without a stake or benefits of the oil and gas resources will eventually respond violently and quite possibly put the whole county at risk of civil war and/or total loss of private and public cash flow from the resources/oil and gas wells.
4. That an improved allocation of oil and gas benefits to local citizens without significant costs to government or oil and gas companies will result in all stakeholders beneficiaries , working together, to preserve and protect resources and income streams.
5. That an annual royalty payment to each citizen in the amount of 10% per year, in an annual distribution by an off-shore organization, foundation, or trust would solve, most if not all, the present and future violence in the oil and gas countries of Africa. The "cost" would be offset by more oil and gas production, greater efficiency, and would reduce poverty throughout the oil producing countries of Africa.

## Assumptions of the Research

1. That Nigeria and other rapidly emerging oil and gas producing countries will continue to develop their mineral resources with the assistance of foreign companies, foreign capital, and/or influences.
2. That African leaders want to maximize the income and wealth of mineral resources, retain their leadership positions and if possible, maintain peaceful environments in their countries.
3. That oil and gas companies will use any economical means to obtain political access and formal permission, licenses, contracts, concessions, etc. to have long term investment returns of and on capital when wells are drilled.
4. That non-stakeholders, local citizens without a share or stake of the resources, will maximize their utility and standard of living by any means necessary to gain economically or politically in order to improve their lifestyle if they live in total poverty and are desperate for example, stealing oil for fuel or transportation, lawlessness, kidnapping, violent gangs, etc., etc.
5. That there are better solutions to maintain peace, reducing tension, and political turmoil than the continued use of power, violence or military force by local governments, often with the aid of foreign governments or troops.
6. That many of the violence in oil producing areas of Africa are disguised as ethnic, religious, political, or racial conflicts, when in fact they are really about non-stakeholders desiring a share or stake in the tremendous resource or cash flow from the oil and gas development.
7. That domestic and foreign oil and gas operation/pipeline "terrorist" can be greatly reduce when the local population has a small stake or direct economic incentive to protect the resources.
8. In terms of protecting the environment and using "best industry practices" for drilling oil and gas wells, it is assumed that as small as practical drilling and production pad sites will be construction all new wells as found in research and publications by Baen (2007, 5005, 1996, 1988), as well as all contemporary protection measures which will protect air, water, and soil where ever wells are drilled. The vast majority of multination oil companies currently are practicing good land and environment protection programs.

## Typical Oil and Gas Development Timeline

From the time of discovery of oil and gas in developing countries to the production of actual oil and gas, the events as presented in Table V are typical and sad.

**(See Table V- Theoretical Transformation Timeline of  
Private/Corporate Oil and Gas Developments In the Absence of  
Law and Order, Sanctity of Contracts, and Equality)**

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## **Governments, Oil Companies, Citizens, and other Participants who desire to be “stakeholders” or shareholder of oil and gas/mineral wealth**

There are many shareholders, stakeholders, and groups who each have their own objectives in regards to oil and gas production, income and wealth/political power sharing in Africa and elsewhere in the world.

**(See Table II-Stakeholders and Conflicion Objectives for Oil and Gas Development of Nigeria and other Emerging Africa Countries, Conflicts, and Objectives)**

Private royalties for millions of owners of oil and rights in the US range from 12 ½% to 25% of 100% of all oil and gas produced, without cost, expenses, or liability. Royalty payments are made directly from the oil purchasers, not oil producers.

Royalties or percent of gross income flowing directly to people/citizens of a state or country is not a theory. The U.S. State of Alaska has made shareholders or stakeholders of all permanent residents by sharing “publicly,” government owned oil wealth on an annual distribution basis. The cash distributions vary per year based on the amount of oil and gas produced and the price actually received by the producing oil companies. Annual checks have ranged from:

1984 = \$331.29 per Alaskan Citizens  
 1985-2007 = Variable per Alaskan Citizens  
 2008 = \$3,269.00 per Alaskan Citizens  
 (\*Source: State of Alaska and Oil and Gas Journal  
 6/1/2009 pg. 25)

These cash distributions go directly to citizens by a non-corrupt publicly transparent state government who acts to forge important political, business, and synergistic relationships between the government, citizens as stakeholders and oil companies. The positive impacts are as follows, which far exceed any costs to government and oil companies:

1. Citizens not only feel important but are actual economic stakeholders.
2. Creates a sense of ownership and political support for new oil and gas projects proposed in “sensitive” drilling areas.
3. Reduces negative attitudes about construction of pipelines, shipping facilities, truck traffic, negative environmental impacts in spite of using “best practices” and low impact drilling technique; and environmental impact statements reduce or eliminate impacts on the land, water, etc.
4. Eliminates any political fighting, strife, terrorism, and civil disobedience that could disrupt oil and gas production.



Could this be successful in solving the critical issues and reducing violence in African oil producing area? There are several promising reason why the concept of direct and indirect “royalty” payments to resident citizens of each country could receive direct and indirect benefits from their countries’ oil and gas/mineral wealth and annual cash flows.

- I. There is/are no shortages of significant oil production and new discoveries in Africa today.
  - 1) Nigeria and Sub-Sahara African Oil and Gas Production 2006 and Potential 2010-2015 (See Table I)
  - 2) New and Exciting Discoveries announced by African Countries during 2009
    - a. Uganda
    - b. Gabon
    - c. Kenya
    - d. Somali
    - e. Republic of Congo
    - f. Chad
    - g. Cameroon
    - h. Ethiopia
    - i. Namibia
    - j. West Africa
    - k. Sierra Leone
    - l. Mozambique

**(Appendix/Reference # 1,11,12,13,14,15,16,17,18,19,20)**

- II. Based on confirmed 2009 Oil and Gas current production in all of Africa and gross income per country per year, there are more than adequate opportunities to share 10% of all income with the resident citizens of each country and achieve the following: **(See Table IV-Confirmed African Production Rates by Country, Population, and Citizens Share/Income per year at 10% royalty rate)**
  - 1) Reduce or eliminate attacks on oil operations in order to preserve all citizens’ “stake” or ownership of wealth sharing which is assumed to be 10% of 100% of all oil and gas benefits per year.
  - 2) Stabilize current government and increase the popularity of any and all leasers who embrace this concept.
  - 3) Significantly impacts the citizen/residents economic well being and increases standards of living of all people.

- 4) Significantly increases oil and gas production, exploration, and capital spending projects from both public and private companies due to confidence building, public support, and trust.
- 5) Reduce any factions or trouble making groups for any excuse or reason to enlist gangs, armies, for economic gain due to public support. It is hard to recruit fighters in a more stratified political and economic environment with falling poverty levels.
- 6) Government and industry security have military costs for oil and gas security which could be reduced and productivity of the countries could greatly increase.

III. Excuses and “reasons” why inequities, violence, and poverty exist in Africa in spite of oil and gas/mineral riches being present.

There have been many “reasons” why Africa has a violent history of resource development. Some of those factors or excuses are found in Table IV (See Table IV- African Oil and Gas Riches in an Environment of Chaos— Myths, Reasons, Excuses, and Blame for Instability, Inequities, and Poverty)

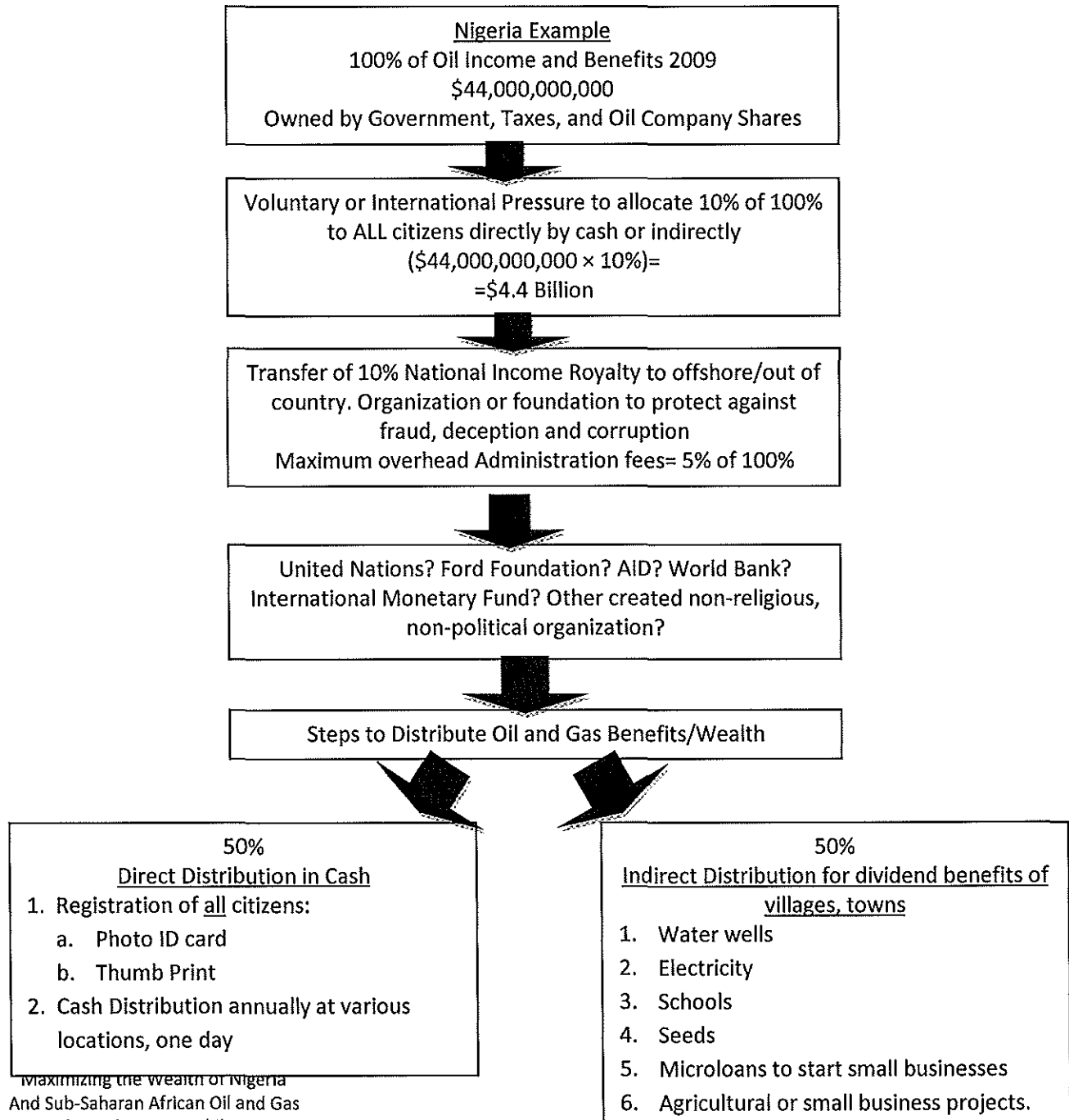
(Baen, Cost/Benefit Analysis and Ad Valorem Tax Benefits of Oil and Gas Drilling in the DPW Barnett Shale of)

## Theoretical Example of Wealth Sharing for Nigeria, which could be an example for all of Africa

Schematic: All citizens of oil producing nations become shareholders

(See Table VI for resident share per country)

Example of 10% oil and gas wealth distribution directly to African National Citizens in order to boost oil and gas production, reduce production disruptions, security costs, and terrorist attacks while substantially improving the standard of living for all citizens.



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## Limitations and Challenges of the Wealth Sharing Hypothesis

Challenge and limitations of the non-corruptible wealth sharing theory presented here include but are not limited to the following:

1. Reluctance of government and oil companies to alter oil and gas taxes, production/revenue sharing agreement to set aside 10% for the citizens of each country, although total production would increase due to reduction in violence and poverty by increasing the stakeholders to have a "stake" or share of each countries natural resources
2. Difficulty in finding an international organization or uncorrupt "off-shore" board to efficiently and wisely distribute funds for the citizens of the oil producing African countries.
3. Finding ways to distribute cash payments or royalty to citizens in rural areas and nomadic people not having banks, or ways and means to receive, save, or invest annually dispersed wealth sharing:
  - a. No identification
  - b. No financial institutions to distribute in efficient, fair, and incorruptible way.
  - c. How do you give money to members of a family/tribe who live in the jungle or desert and are constantly on the move seeking food and water?

## Solutions to the Challenge

1. The world oil markets need African oil. The easiest, best, and fastest solution to allocating a 10% share to the people is for economic reasons...more oil will be produced peacefully and more wells will be drilled.
2. Political pressure from world-wide humanitarian organizations could be helpful but weak. **(See Table VIII-Possible International Organizations' Remedies and Solutions)**
3. The world community could impose an oil import embargo on any country not sharing their wealth directly will all citizens without corruption.
4. Register all people with a single ID card to prevent corruption and distribute all funds annually at all locations on a given day.

## Conclusion

Based on the finds of this research, there appears to be no shortage of oil in Sub-Sahara Africa due to not only the historically economic known fields of Nigeria and new discoveries in 20 other African countries.

There are many myths, reasons, excuses, and blame for instability and poverty in Africa today.

**(See Table VII-African Oil and Gas Riches in an Environment of Chaos-Myths, Reasons, Excuses, and Blame for Instability, Inequities, and Poverty.)**

However based on the oil and gas wealth of Africa and concepts put forth by this paper, there is no valid excuse why residents of each country and oil companies work together to bring economic prosperity and peace to the region. Local stakeholder citizens will support and protect any government and/or oil company that includes them as stakeholders of the natural resources.

1. "It sometimes seems as if God played a cruel trick on humanity by putting so much of a precious resource in such rough places."
2. "Oil weakens the bonds between governments and people by flooding public coffers with money, removing the need for wise spending. And it rends societies, making them vulnerable to civil war."
3. "The recurring tragedy of oil is that it produces wealth but not what is needed most in poor countries: jobs."

(Source: Crude World: The Violent Twilight of Oil. By Peter Maass. Knopf; 288 pages; \$27 and The Economist, October 10, 2009, page 86.)

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Table I

**Nigeria and Sub-Sahara African Oil and Gas Production and Potential 2010-2015**

According to the International Petroleum Encyclopedia 2006 (Laninger et. al. at PennWell Corporation) Sub-Sahara Oil and Gas known and/or tested oil and gas		
	<b><u>Africa IPE 2006 Oil Production<sup>1</sup></u></b> <b>(Much higher in 2009)</b>	<b><u>Various Professional Journal 2009 Discoveries and New Oil Production</u></b>
Algeria (South Central)	1.35 million b/day 11.35 billion bbl	2 million b/day by 2010 Trans-Saharan-Europe Pipeline Planned to Collect/Connect Nigerian Oil (High risk due to terrorist)
*Angola	1.225 million b/day 5.412 billion bbl reserves on/off	2 million b/day by 2010 State Oil Company SONANGO is exclusive concessionaire for exploration and production
Cameroon	82,000 b/day 400,000 million bbl reserves	Victoria Oil and Gas PLC plans new 10,000 foot oil and gas well for early 2010 (Oil and Gas Journal July 20, 2009 Page 42)
Chad	180,000 b/day 1.5 billion bbl reserves	3 new fields discovered 2008/2009 #1-Prosopis/Permit H 4310 BBL/day July 2009 New Oil and Gas/Condensate Discovery Well Mimosa Prospect (E&P May 2009) (Oil and Gas Investor July 2009)
Congo (Brazza Ville)	240,000 b/day 1.5059 billion bbl reserves	
Congo (Former Zaire)	20,000 b/day 187 million bbl reserves	
Equatorial Guinea <sup>2</sup>	320,000 b/day 12.0 million bbl reserves	New Iron Mineral Ore Project Rio Tinto expected to invest \$6 billion by 2013
Ethiopia	N/A	Active Exploration in 30,635 square miles (E&P pg 69 July 2009)
Gabon	234,000 b/day 2.499 billion bbl reserves	Active Exploration (E&P pg 69 July 2009) Awoun Well #1 tested 4,000 b/day in 2006-Shell Mitsubishi MPDC Gabon Discovery 1,000-2,000 bl/day (Oil and Gas Investor April 2009)
Ivory Coast	30,000 b/day 100 million bbl reserves	Major Deepwater Discovery offshore reported by VANCO Energy

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Kenya	N/A	African Oil prospects Northwest Kenya and Active Exploration (Oil and Gas Journal May 2009)
Mozambique	0 b/day N/A reserves	Active Gas Exploration (Oil and Gas Journal May 2009)
Namibia	N/A	Active Exploration (E&P pg 69 July 2009)
*Nigeria	2.42 million b/day 35.87 billion bbl reserves	3.5 million b/ day projected by 2010 Violence/Infrastructure Shut Down plans by Nigerian Government to raise taxes on profits from 50%-85% July 2009 (Various Sources in News)
Republic of Congo	N/A	Total Chevron #4-Moho 8,100 bbl/day (Oil and Gas Investor July 2009)
Rwanda/Burundi	N/A	Known hydrocarbon deposits with commercial potential, particularly gas
Senegal	N/A	Exploration program in progress off shore (E&P Magazine May 2009)
Sierra Leone		Anadarko has discovered a tremendous amount of hydrocarbon in the Venus Well (Oil and Gas Journal September 28, 2009)
South Africa	24,000 b/day 15.68 million bbl reserves	
Sudan	290,000 b/day 503 million bbl reserves	
Somali	N/A	Somali Land Ministry offering 1 <sup>st</sup> round of Bidding (E&P Magazine 8/2009 <a href="http://www.e&amp;pmag.com">www.e&amp;pmag.com</a> )
Uganda	N/A	Heritage Oil Limited Kingfisher #1 and #2 9,773 bbl/day and 14,204 bbl/day and Tullow Oil #1 Nsoga (Oil and Gas Investor July 09) 43 meters of oil (thick) in the Nile Delta, Lak Albert Rift Basin Play and #3-Kigogole Exploratory well (Oil and Gas Investor April 2009)

<sup>2</sup>Equatorial Guinea was rated by Transparency International as the ninth (9<sup>th</sup>) most corrupt country in the world with less than 2% of its GDP going to public health and 1<sup>st</sup> to education (The Economist. July 18, 2009. Pg 44)

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**Table II-Stakeholders and Conflict Objectives for Oil and Gas Development of Nigeria and other Emerging African Oil and Gas Producing Countries/Conflicts and Objectives**

<u>National Governments and Politicians</u>	<u>International Oil Companies</u>	<u>Fragmented Regional Governments and "Groups"</u>	<u>Land Owners and Occupants of the Land</u>	<u>Citizens &amp; Indigenous People of the Country</u>
1. Retain control and political power	1. Maximize shareholder value with both a safe Return of Investment and reasonable rate of Return on Investment over a predictable long term horizon	1. A share of oil and gas income by whatever means necessary	1. To be paid compensation for land disruption damages, drilling-sites, pipelines, and right-of-ways for new roads	1. To increase their standard of living and personal income any way possible as poverty seems perpetual and day-to-day survival, health, welfare, and safety are always at risk.
2. Maximize oil and gas benefits to the country	2. A long term business and peaceful environment for their professionals and skilled employees, subcontractors, their families, and all their equipment, pipelines, processing and transformation facilities.	2. Increasing their popularity and political strength by promising benefits to their local residents and supporters. (peaceful or otherwise) a. Demonstrations b. 100's of pipeline attacked in 2008	2. To be consulted and a part of project planning processes prior to disruption of the land and construction/drilling of wells.	2. To increase their average per capita income in Nigeria in real terms by \$183/month or \$2,200/year (Wright, 2009) on a long-term, sustained basis.
3. Maximize tax revenues to the country (highest possible)	3. A stable government which honors and protects their long-term oil and gas investment agreements and provides an environment of cooperation, mutual respect, and trust between governments and companies	3. To be a part of the decision making process to create a greater share of oil revenues and "privilege" as host communities (Izundu, 2009)	3. A share of oil and gas income by whatever means necessary.	3. A share of the oil and gas income or benefits is 45% of all exports for Nigeria either directly or indirectly as follows: a. Promised share of government income b. Increased public projects that could directly and materially improve their lives i. Fresh water (48% have no source in Nigeria) ii. Food iii. Health service/
4. Maintain control of the resources with "fluid" legislation and regulation processes		4. There are over 50 ethnic groups	4. A small share of oil and gas income for long term damages to their land (see #1 above-bundled as one-time payments in the US/Canada and elsewhere	
5. Preferential access for indigenous operators of new onshore new prospects abandoned wells for rejuvenation (a 20% national production goal for Nigeria by 2020)		5. Examples of Regional Groups: a. Chief Favour Izoukumore i. Izon-Ebe Oil Producing Communities Forum b. Movement for the Emancipation of the	5. Their lands to be minimally damaged	

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<p>6. Availability of local finished product availability for gasoline, diesel, national gas, etc. at affordable prices for the citizens</p>	<p>4. Reducing costs while maximizing after tax income</p> <p>5. Drilling and production operations which minimize negative environment impacts while reducing long term costs and maximize income</p>	<p>c. Niger Delta (MEND)</p> <p>d. Government Ekpemupolo (Tompolo)</p> <p>e. Amnesty Committee (Vice Marshall Ararile)</p> <p>i. Current offer (10-2009) is to offer the militants \$135/month (cash) and \$100/month food which is double the average income of Nigeria's people</p>	<p>with best practices for environmental preservation and little waste.</p>	<p>medical care/ medication</p> <p>iv. Reduce infant mortality rate</p>
<p>7. State "goal" of transparency through publication of all licenses, leases, contracts, and payments to the government (Izundu, 2009)</p>	<p>6. There are large numbers of very large oil and gas companies, who are generally in fierce competition with each other and will use nearly any means politically or economically to retain their oil and gas properties' viability and to gain access to rich new areas to drill on or off shore</p>	<p>f. BOKO Haram-Islamic Fundamentalist Group (Boko Haram means "education (western) is prohibited" "Both religious and economic objectives"</p> <p>g. Democratic Confederation of Workers in Niger (DCWN)</p> <p>h. Al-Qaeda Foreign and regionally influenced terrorist organizations (Watkins, 2009)</p>		
<p>8. To have Nigerian National Petroleum Corporation own shares, equity shares, in National Oil Company</p>	<p><u>Examples of Oil and Gas Companies:</u></p> <ul style="list-style-type: none"> <li>• Royal Dutch Shell</li> <li>• Chevron Corp</li> <li>• ENI SpA</li> <li>• Exxon Mobil Corp</li> <li>• TOTAL</li> <li>• British Petroleum</li> </ul>			

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Table III

**Deaths Related Energy Resources and Often Cloaked in  
Political, Religious or Ethnic Differences**

<u>Country</u>	<u>Timeframe</u>	<u>Oil Prospects</u>	<u>Deaths</u>
Sudan	Since 2003	Very High	400,000 <sup>1</sup> 2.7 million in refugees in 2009 <sup>2</sup>
Algeria			150,000-200,000 <sup>1</sup>
Rwanda		High	SEARCH
Nigeria	Since 1999 August 2009	Very High	10,000 <sup>3</sup> 800

<sup>1</sup> Source: The Economist July 25, 2009 page 5 Special Report

<sup>2</sup> Source:

<sup>33</sup> Source: Connors W. Wall Street Journal August 4, 2009 page A12

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**Table IV**

The More Oil and Gas Local Stakeholders/Shareholders:  
The More Peace, Safety, Stability, and Economic Prosperity for Region

	<u>United States</u>	<u>Middle East</u>	<u>Nigeria</u>	<u>Balance of Africa</u>	<u>Iraq</u>	<u>South America (Venezuela &amp; Bolivia)</u>
Status	100% Production Rare Disruption	100% Production Rare Disruption	Falling Production Disruption	Increasing Production Variable	Marginal War	Falling Production Unstable
<u>Surface Owners</u>						
Drill-site Damages to Private Property Owner	Market value compensation paid by private treaty or court using professional valuation	Oil fields owner by Governments/royal families	No compensation	No compensation	No compensation	No compensation
Pipeline damages to private property owners	Compensation paid by private treaty or court using professional valuation	Pipeline systems in place, fully functioning	Government compensation system and valuation In place however land title and valuation for 1 time damages dysfunctional-in family fighting on \$ distribution	No compensation (Sudan guarded by Armed Chinese)	No compensation	No compensation
<u>Mineral Owners</u>	Private property rights except in Western States 12.5-25% of 100%	Government owned	Government owned	Government owned	Government owned	All foreign wells nationalized Government owned
	Long term Private Oil & gas Contracts/Leases supported by rule of Law	Long term agreements concessions, contracts	Government owned	0%	0%	0%

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Continue Table IV-The More Oil and Gas Local Stakeholders/Shareholders; The More Peace, Safety, Stability, and Economic Prosperity for Region

	12.5-25% of 100% of Gross Income to private parties from each well (Texas State University owns millions of acres of royalties)	50-80% of Gross income to government/ government companies	50-80% of Gross income to government/ government companies	Variable Deals	50-80% of Gross income to government/ government companies	100% of gross income nationalized from private companies
<u>Taxes to Gov't</u>						
Local School Taxes	2%± of Present Value	0%	0%	0%	Being Formulated	0%
City, Country taxes	1%± of present value	0%	0%	0%		0%
State Taxes	4.5-7.5% of Gross income (Texas)	0%	0%	0%		0%
Annual Income Taxes	35-48% (all stakeholders including individuals/ corporations/ trusts)	* Excellent support by national government	40-70% taxes to private company (over and above government royalties)	40-70% taxes to private company (over and above government royalties)		0% Government owned effective 100% tax
All Resident citizens/Direct Payments from Government	Alaska, USA \$1,300/year based on gross income to state dividend \$1,100-1,300 variable	\$ ___/year for documented residents only	\$ 0/year	\$ 0/year	\$ 0/year	\$ 0/year

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Table V

### Theoretical Transformation Timeline of Private/Corporate Oil and Gas Developments In the Absence of Law and Order, Sanctity of Contracts, and Equality Sharing

1. Private and Public Companies invited to bid on large tracts/blocks of unexplored land
  - Private and confidential "government" agreements for geological and seismic studies and initially attractive oil and gas leases, licenses or concessions for any oil found or earned.
2. Additional large tracts/blocks of land put up for auction or bidding. Companies bid for the right to explore, develop, and export oil to international markets.
3. Initial discoveries, production begins and pipelines are built and terminal facilities.
4. Governments change or change policies to increase government's percentage of gross income (royalty, share of owners, increase in taxes, etc.) from original agreed upon contracts. Majority of increased in income promised for social welfare of citizens. (Example: Nigeria in 2006 planned to increase petroleum profit tax to 85% from 50% for public projects. International Petroleum Encyclopedia 2006. P 215.
5. Nationalization of oil and gas wells and operations with oil and gas operating agreements or well servicing agreements with original company planned prior to 2010 and would include the creation of a major refinery for local export gasoline. (Walkins, E. Oil and Gas Journal. April 13, 2009. Pg 25.)(Creation of a state owned Uganda Oil Company)
6. Production declines due to lack of oil and gas company production incentives, un-skilled labor inefficiency, and natural production decline curves. Foreign companies reluctant to come back due to nationalization or government takeovers of their private investments. Whatever social programs that were promised to benefit the people, are greatly reduced or suspended. (Example: Venezuela's production has fallen steadily since 2005 (Dittrick, P. Oil and Gas Journal. April 13, 2009. Pg 22.) Other examples: Mexico, Nigeria, etc
7. Complete stoppage of oil and gas production, cash flow, transportation, and operations due to a variety of factors:
  - Local and civil disobedience
  - Domestic or foreign terrorism
  - Sabotage
  - Shut down of wells by oil and gas companies

August 2009 Supply disruption in Nigeria helps push oil over \$70/bbl. Royal Dutch Shell PLC confirmed militants had forced the shutdown of pipeline facilities (Meyer G. et al. Wall Street Journal.)
8. General violence, Civil War, or Regional Fighting over "political power," "oil and gas income sharing," "religious", "ethnics", or racial factions, government troops versus local groups. (Nigerian Violence Sparks



Table VI

**Confirmed African Production Rates by Country, Population, and Citizens Share/Income per year at 10% royalty rate**

In June 2009, all of the African countries produced 8.576 million barrels of oil per day,  
with Nigeria and Angola each producing 1.75 million barrels per day (Oil and Gas Journal, 2009).

On a gross income basis for 100% of the stakeholders/shareholders of the market value of the oil resources. This amounts to:

	Published Oil Production Barrels/Day <sup>1</sup>				<u>Government, Oil Companies Taxes, etc.</u> 100% of Total Oil and Gas Income/Year 2009	Assume 10% ORRI per capita/resident		Population <sup>2</sup>	Income per capita at 10% ORRI	Annual ORRI/ Assume Family of 5
All of Africa	8.576 Mil	×	365	×	\$70	\$ 219 Bil	÷	2 Billion	\$ 10.95/year	\$ 54.75/year
Nigeria	1.750 Mil	×	365	×	\$70	\$ 44 Bil	÷	151.5 Mil	\$ 29.04/year	\$ 145.20/year
Angola	1.750 Mil	×	365	×	\$70	\$ 44 Bil	÷	17.5 Mil	\$ 251.43/year	\$ 1,257.15/year
Sudan	.500 Mil	×	365	×	\$70	\$ 12.8 Bil	÷	39.4 Mil	\$ 32.49/year	\$ 162.45/year
Equatorial Guinea	.240 Mil	×	365	×	\$70	\$ 6.13 Bil	÷	64.7 Mil	\$ 9.47/year	\$ 47.35/year
Congo (Brazzaville)	.320 Mil	×	365	×	\$70	\$ 8.18 Bil	÷	1.7 Mil	\$ 481.18/year	\$ 2,405.90/year
Gabon	.220 Mil	×	365	×	\$70	\$ 5.62 Bil	÷	1.4 Mil	\$ 415.71/year	\$ 2,078.55/year
Tunisia	.080 Mil	×	365	×	\$70	\$ 2.04 Bil	÷	10.4 Mil	\$ 19.62/year	\$ 98.10/year
Cameroon	.070 Mil	×	365	×	\$70	\$ 1.79 Bil	÷	18.9 Mil	\$ 9.47/year	\$ 47.35/year
Congo (former Zaire)	.025 Mil	×	365	×	\$70	\$ .64 Bil	÷	3.8 Mil	\$ 16.84/year	\$ 84.21/year

Reference<sup>1</sup>: Extracted data from Oil and Gas Journal, various tables, August 2009. New discoveries in 2008-2009 in Sub-Saharan Africa significantly under estimates these findings and income potential if oil and gas collection, transportation and security can be accomplished

Reference<sup>2</sup>: 2009 New York Times World Almanac

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Table VII

African Oil and Gas Riches in an Environment of Chaos—Myths,  
Reasons, Excuses, and Blame for Instability, Inequities, and Poverty  
(In no particular order)

1. Corruption- The perspective or worlds' view of African corruption at every level of politics, business, and lack of enforcement of laws or contracts is published annually with each country ranked according to a 2008 Corruption Perception Index (CPI) (attached as reference). There are three (3) "Corruption level" classifications with Nigeria listed as "Corruption perceived as rampant", however as a country, less corrupt than 21 other African countries.
2. Fraudulent Elections Africa is all about power from the top down. Those who have power will attempt to retain that power by any means necessary.
3. Historic colonization of Africa by European and Western countries has created a perpetual cycle of poverty that will never be broken.
4. That foreign companies' direct investment in Africa would improve stability and bring peace and prosperity to all Africans (\$70 Billion invested in 2008 according to the UN Conference on Trade and Development New York Times August 2, 2009 page 1, 4.)
5. That wealthy nations should/could contribute to Africa and solve poverty and hunger(Africa: Obama Presses other Nations for \$20 Billion in Aid to Combat Hunger Austin American Statesmen July 12, 2009)
6. That Democracy as a political system will solve all of Africa's Problems (Nigers Destitute Population Sense a Threat to Its Scrap of Democracy)
7. That Africa will never be self sufficient and be able to survive or be self sufficient without foreign income and industry.
8. That new jobs created by oil and gas industry will improve local income and raise standards of living.

"So there are Chinese to drill the oil and then pump it into the Chinese pipeline guarded by Chinese strongmen on its way to a port built by the Chinese, where it is loaded onto Chinese tankers headed for China. Chinese laborers to build the roads and bridges and the gigantic dam that has displaced tens of thousands of smallholders; Chinese to grow Chinese food so other Chinese need eat only Chinese vegetables with their imported Chinese staples; Chinese to arm a government committing crimes against humanity; and Chinese to protect that government and stick up for it in the UN Security Council." (Michel & Beuret, 2009)

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Table VII

### Possible International Organizations' Remedies and Solutions

<u>Organization</u>		<u>Remedies/Solutions</u>
United Nations	UN	Weak except for "peace keeping troops"
The World Bank	WB	Possibly functions
United Nations and African Union	UNAMTD	Weak; geographic boundaries
International Monetary Fund	IMF	Possibly functions
The Permanent Court of Arbitrations in the Hague	PCA	Regional success in Sudan Oil and Gas
International Criminal Court at the Hague	ICC	Corruption by leaders in not generally prosecuted in Africa
East Africa Community (Kenya, Tanzania, Uganda, Burundi, Rwanda)	EAC	Weak, wanting a single European style currency, common market and regional governments/ federations
The Alien Tort Claims Act of 1789 Piracy Act used in Royal Dutch Shelf vs. Ogoniland, Nigeria. Case June 13, 2009 (settled out of court)	TATCA of 1789	Nigeria, Ogoniland, Niger Delta, \$15.5 million paid out June 13, 2009 for environmental damages, oil spills, land and water contamination, and trust fund for social/educational investments in the region. (Source Economist June 13, 2009)
United States Supreme Court		In 2004, the Court in 6 to 3 decision said foreigners could bring cases in U.S. Court for limited circumstances Example: crimes against humanity or torture Source: Monawad, J. The New York Times. June 9, 2009 p. 1
Sudan Peoples' Liberation Movement	SPLM	

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