

# MILITARY INVOLVEMENT IN OIL THEFT IN THE NIGER DELTA

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A Discussion Paper



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# **MILITARY INVOLVEMENT IN OIL THEFT IN THE NIGER DELTA:**

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## INTRODUCTION

The Niger Delta is the most important oil-producing region in Africa, with its oil providing 70 per cent of Nigeria's government revenue.<sup>1</sup> However, alongside the legitimate trade in the Delta's oil products, there is a lucrative and organised illicit oil trade that reportedly loses Nigeria 200,000 barrels of oil every day.<sup>2</sup> Participants in oil theft, also called "oil bunkering", steal oil from pipelines, refine the oil, and then sell it to local, regional and international markets. It is a profitable criminal industry that cost the Nigerian government 3.8 trillion Nigerian naira (approx. USD\$105 billion) in 2016 and 2017.<sup>3</sup>

The illegal oil industry in the Niger Delta has received much international attention over the past few decades. Illegal activity has led to revenue losses as oil is siphoned off and stolen; the human cost and environmental pollution have similarly been significant. Regular spills of oil, arguably caused by oil theft and sabotage, have polluted the waterways, contaminated crops and other food sources, and released toxic chemicals into the air. In 2017, reports emerged that oil spills doubled the risk of child mortality in the Delta region.<sup>4</sup> What remains under-explored, however, is the extent to which this illegal trade is enabled by one of

Nigeria's key state institutions: its armed forces.

A Joint Task Force (JTF) comprising personnel from the Nigerian Army, Air Force, Navy and Police, has been deployed in the Niger Delta region since the early 2000s. The JTF is tasked with tackling the militant threat in the region and protecting its oil from theft. However, there have been indications that some JTF members are complicit in, and often benefit from, precisely the pursuit they are mandated to eradicate: the illicit oil industry.

Existing research suggests that members of the Nigerian armed forces have enabled and benefitted from the illegal trade in a number of ways. Often this benefit comes from providing "protection" – both ensuring military officials turn a blind eye to illegal activity and protecting oil thieves' access to extraction points from rivals – in exchange for financial bribes.<sup>5</sup> A Chatham House report has suggested that JTF officers have stood guard at illegal tap points and provided armed escorts to ships loaded with stolen crude.<sup>6</sup> Similarly, a 2015 report from the Stakeholder Democracy Network (SDN) reports JTF members' active involvement in oil theft, from providing security to local oil

<sup>1</sup> Amnesty International, "Niger Delta Negligence: How 35000 activists are taking on two oil giants", March 2018. <https://www.amnesty.org/en/latest/news/2018/03/niger-delta-oil-spills-decoders/>. See also, Shell, "Economic Contribution", 2019. <https://www.shell.com.ng/media/nigeria-reports-and-publications-briefing-notes/economic-contribution.html>

<sup>2</sup> This Day, "Report Reveals How IOCs Steal Nigeria's Crude Oil", 21 January 2019. <https://www.thisdaylive.com/index.php/2019/01/21/report-reveals-how-iocs-steal-nigerias-crude-oil/>

<sup>3</sup> Nigeria Natural Resource Charter, "NNRC Assess the Impact of Crude Oil Theft on Nigerians", 28 November 2018. <http://www.nigerianrc.org/nnrc-assesses-the-impact-of-crude-oil-theft-on-nigerians/>

<sup>4</sup> The Guardian, "Absolutely shocking": Niger Delta oil spills linked with infant deaths", 6 November 2017. <https://www.theguardian.com/global-development/2017/nov/06/niger-delta-oil-spills-linked-infant-deaths>. Shell, "Security, theft, sabotage and spills", 2019. <https://www.shell.com.ng/media/nigeria-reports-and-publications-briefing-notes/security-theft-and-sabotage.html>

<sup>5</sup> Stakeholder Democracy Network, "Communities Not Criminals: Illegal oil refining in the Niger Delta", 2015. <http://www.stakeholderdemocracy.org/wp-content/uploads/2015/04/CommunitiesNotCriminals.pdf>. See also, Chatham House, "Nigeria's Criminal Crude: International Options to Combat the Export of Stolen Oil", September 2013. [https://www.chathamhouse.org/sites/default/files/public/Research/Africa/0913pr\\_nigeriaoil.pdf](https://www.chathamhouse.org/sites/default/files/public/Research/Africa/0913pr_nigeriaoil.pdf)

<sup>6</sup> Chatham House, "Nigeria's Criminal Crude: International Options to Combat the Export of Stolen Oil", September 2013. [https://www.chathamhouse.org/sites/default/files/public/Research/Africa/0913pr\\_nigeriaoil.pdf](https://www.chathamhouse.org/sites/default/files/public/Research/Africa/0913pr_nigeriaoil.pdf)

thieves as they install taps that divert oil from pipelines, to collecting “transportation taxes” for vehicles transporting oil and demanding “regional security payments” from illegal oil refineries for ongoing protection.<sup>7</sup> SDN's community interviews suggest that military involvement in oil theft approaches the systematic, with high-ranking officers reportedly overseeing the deployment of units to protect illegal refineries, and key information being passed on as units rotate in and out: “JTF and pipeline vandals are working hand in hand...They have the boys' phone numbers and feed them with useful information. Even when their commander is transferred, they leave the phone numbers of the boys in their file for the new commander.”<sup>8</sup>

Media investigations have similarly suggested that soldiers know the locations of the illegal cooking pots, are often paid off not to close down oil theft rings, and maintain an overview of the illegal operations. One investigation by the Cable newspaper in Nigeria has reported on conversations among workers involved in oil theft discussing the bribes they pay to military personnel to turn a blind eye to their activities.<sup>9</sup> A more recent analysis quotes one worker employed by an illegal refinery pointing out a Nigerian military helicopter flying over the site of his operation after flames and smoke – all by-products of the oil refining processes – had been released into the air. There was, however, no investigation and no attempt to close down the illegal cooking pot. The interviewee reported that he works with the “navy, marine police, NSCDC (Nigeria Security and Civil Defence Corps), and the army”, paying them in order to allow passage or to enable operations to be run smoothly and without interference, a relationship that only turns sour if one tries “to get crude oil without putting them in the know”.<sup>10</sup> In October 2018, the Navy were forced to deny allegations that personnel collected huge bribes from oil bunkerers in exchange for allowing them to operate freely in Bille coastal communities in Rivers State.<sup>11</sup>

Research on the issue, however, is somewhat dated and usually only touches on military involvement in oil theft tangentially. Given the extent of the illegal activities and the potential complicity of a key state institution meant to be curbing these very activities, Civil Society Legislative Advocacy Centre (CISLAC) and Transparency International researchers have attempted to gauge the scale and depth of military involvement in oil theft with the hope of informing the policy debate and empowering agents of change aiming to reform the oil industry in the Niger Delta.

This discussion paper presents preliminary findings based on interviews and focus group discussions conducted in the Niger Delta between February and July 2018. The goal is to understand how the situation evolved, to offer insight into our initial conclusions, to invite feedback and further consideration of the matter, and to provide guidance for further research.

## PRELIMINARY RESEARCH

Six independent researchers conducted interviews and focus group discussions in the Niger Delta between February and July 2018. The seven focus group discussions took place in Nembe and Yenagoa in Bayelsa State, in Calabar in Cross River State, and in Port Harcourt in Rivers State. Participants were drawn from local communities and included those who were familiar with illegal activities and who had witnessed oil theft in the region.

In addition, the researchers conducted interviews in Brass, Yenagoa and Ogbia in Bayelsa State; Port Harcourt, Degema and Bodo in Rivers State; Calabar in Cross River State; and with Owoza Community members in Abia State. Researchers also observed busy scenes at several points where refined oil products were unloaded in the Port Harcourt area of Rivers State, including the Abonema Wharf Jetty, Creek Road Jetty, Woji Jetty, Marine Base Jetty and Iwofe Jetty, between 12 and 18 May 2018.

<sup>7</sup> Stakeholder Democracy Network, “Communities Not Criminals: Illegal oil refining in the Niger Delta”, 2015. <http://www.stakeholderdemocracy.org/wp-content/uploads/2015/04/CommunitiesNotCriminals.pdf>

<sup>8</sup> Stakeholder Democracy Network, “Building Bridges: Community-based approaches to tackle pipeline vandalism”, 2015. <http://www.stakeholderdemocracy.org/wp-content/uploads/2015/11/SDN-Building-Bridges-Community-Based-Approaches-to-Tackle-Pipeline-Vandalism.pdf>

<sup>9</sup> Petroleum Industry Barometer Project (PIBP), The Cable, “Undercover: Inside Niger Delta Creeks Where Oil Thieves Feed Fat After Paying Millions to Soldiers and Naval Officers”, 11 October 2018. <http://petrobarometer.thecable.ng/2018/10/11/undercover-inside-niger-delta-creeks-where-oil-thieves-feed-fat-after-paying-millions-to-soldiers-and-naval-officers/>

<sup>10</sup> Petroleum Industry Barometer Project (PIBP), The Cable, “Undercover: Inside Niger Delta Creeks Where Oil Thieves Feed Fat After Paying Millions to Soldiers and Naval Officers”, 11 October 2018. <http://petrobarometer.thecable.ng/2018/10/11/undercover-inside-niger-delta-creeks-where-oil-thieves-feed-fat-after-paying-millions-to-soldiers-and-naval-officers/>

<sup>11</sup> Daily Post, “Navy reacts to alleged deals with oil bunkerers”, 29 October 2018. <http://dailypost.ng/2018/10/29/navy-reacts-alleged-deals-oil-bunkerers/>

# INTERVIEWS AND FOCUS GROUP DISCUSSIONS: PRELIMINARY FINDINGS

Interview and focus group findings suggest that military involvement in oil theft remains a problem, with armed forces either turning a blind eye or actively profiting from the illegal oil trade throughout the process. There have been reports of soldiers protecting the “tapping points”, where crude oil is retrieved from illegally installed taps on the oil pipelines, of armed forces personnel turning a blind eye to, or indeed protecting, illegal bush refineries, and of soldiers soliciting bribes in return for undisturbed passage for illegal oil transportations. These preliminary findings suggest that the issue does need to be investigated further and more data gathered to inform firmer conclusions and better targeted policy recommendations.

## At the “tapping point”

Reports of military personnel receiving payments from illegal oil workers at the “tapping points”, often in exchange for protection, have emerged from focus group discussions. One participant, who is familiar with illegal bunkering in Bayelsa state, indicated that oil tapping occurs with the knowledge and complicity of military personnel. The military, according to the participant, knew the locations of each tapping point and the names of every individual or group who controlled them.<sup>12</sup> Similar allegations were made in Cross River State, where researchers were told of the Nigerian National Petroleum Corporation (NNPC) state-owned pipeline being routinely targeted for oil theft operations. The extraction points identified by interviewees were less than one kilometre from the Naval Base NNS Victory and the Nigerian Army Training School.<sup>13</sup> The proximity of tapping points to military establishments suggests, at best, awareness of the schemes and at worst, active participation; focus group participants reported witnessing JTF members being closely involved in oil theft from the NNPC pipeline, and receiving a share of oil products in return for providing cover and protection.<sup>14</sup>

Similar accounts came from Rivers State: residents reported that trucks escorted by police and military

personnel regularly approached the pipeline at night, inserting valves and hoses and filling two to three tankers with oil as armed military and police personnel provided a security perimeter.<sup>15</sup> Another interviewee, also in Rivers State, told researchers that military personnel charge each “loading point” – where oil from the tapping point is loaded onto vehicles for transportation – 600,000 Nigerian naira (approx. USD\$1,700) for every night of operation.<sup>16</sup>

## At “bush refineries”

Once oil has been retrieved from the tapping point, it is either transported to be sold in its raw crude form or taken to illegal artisanal refineries – also called “bush refineries” or “cooking pots” – where it is processed into kerosene, petrol or diesel. This process, involving heating crude oil in large open-air pits with naked flames, is notoriously dangerous and prone to explosions and large fires.

Operators of artisanal refineries told researchers that the JTF knew exactly where the bush refineries were located and how they operated, and used that knowledge to extract payments: “The JTF knows where every single cooking pot in the Niger Delta is, they know how to get there, they know who owns it and they even have their phone numbers.”<sup>17</sup>

Illegal refineries are generally not difficult to locate. By-products of refining oil include thick, black smoke released into the air, as well as occasional fires that scorch the areas around the site. Both are visible from the ground and from above.<sup>18</sup> In theory, therefore, with the assets available to the Nigerian military, these refineries could be mapped from the air and assigned GPS coordinates to assist on-the-ground forces in shutting them down.

According to official reports, JTF operations in 2018 successfully destroyed hundreds of illegal refineries, and some of our interviewees have indeed reported instances of illegal refineries being destroyed by armed forces personnel.<sup>19</sup> The problem, however, is that these

<sup>12</sup> Interview in Bayelsa state, 21 May 2018.

<sup>13</sup> Focus group discussions in Cross River State, 23 February.

<sup>14</sup> Focus group discussions in Cross River State, 23 February.

<sup>15</sup> Author interview in Rivers State, 3 May 2018.

<sup>16</sup> Author interview in Rivers State, 30 May 2018.

<sup>17</sup> Focus group discussion in Bayelsa state, 13 June 2018.

<sup>18</sup> Aerial photography and videography of the region suggest that illegal refineries are visible from the sky. See for example “The Battle Raging in Nigeria Over Control of Oil” by VICE on HBO in 2018, [https://www.youtube.com/watch?v=vAgw\\_ZyxnX0](https://www.youtube.com/watch?v=vAgw_ZyxnX0).

<sup>19</sup> Punch, “JTF destroys 436 illegal refineries, arrests 266 suspects”, 7 December 2018. <https://punchng.com/jtf-destroys-436-illegal-refineries-arrests-266-suspects/>

actions have been interpreted not as enforcing the law, but rather as a show of strength meant to intimidate and to strengthen the military's hand in the oil bunkering world: "How can the military claim that they are looking for oil thieves, when they have invaded the entire bushes, waterfronts and the community? No, they came to cause fear and damage to our communities...to instil fear so that those who do bunkering will pay."<sup>20</sup>

Other community members in Bayelsa state also stated that on many occasions, the military did not really destroy the refining facilities, but instead targeted dumps that contained flammable waste from the refining process.<sup>21</sup>

At the same time, allegations of military personnel demanding payments from illegal refineries in exchange for allowing them to operate have continued to surface. These payments are reportedly regular and scheduled, and non-payment is punished. Interviewees in Bayelsa state, for example, reported that after an illegal refinery failed to meet a deadline to pay an "operational fee" of 4 million Nigerian naira (approx. USD\$11,000), military officers arrived on the site and opened fire, allegedly killing one person and demanding an extra 200,000 Nigerian naira (approx. USD\$550) for the delay. The next day, 1.7 million Nigerian naira (approx. USD\$5,000) was delivered to military personnel with a promise to pay the balance of 2.3 million Nigerian naira (approx. USD\$6,000) later.<sup>22</sup>

In a different interview, this time in Rivers State, a worker associated with illegal refineries recalled a meeting with police and army personnel of unknown rank. The purpose of the meeting was for the illegal oil worker to deliver his regular payment to the police and army personnel, a payment he could not make due to delayed communication in the illicit oil network:

"The oil thief expressed unhappiness that the contact in the oil company had not given him the signal to go and siphon crude oil and as such his artisanal refining camp had not produced that week. The army officer immediately took out his phone and called the link man in the oil company who confirmed the story, claiming it was too risky at the time with the [pipeline] pressure."<sup>23</sup>

## During transportation

The transportation of illegal oil provides lucrative opportunities for bribery and corruption. Once extracted, crude oil is transported either to illegal refineries or to the selling point. Refined oil products are transported from refineries either to local towns or to large domestic and international markets for selling. Participants in oil theft can choose to transport products either on land via roads, or via the region's waterways, both of which are dotted with military checkpoints.

Our research suggests that military personnel solicit payment from participants in oil theft at military checkpoints in an organised and systemic manner. An interviewee in Port Harcourt told researchers that those trading oil products could pay charges ahead of time to ensure ease of movement through checkpoints and eliminate any chance of seizure. They must declare the exact quantity of products to be transported past the checkpoint and pay a contact in advance. Military personnel then verify whether the declared quantity tallies with the actual cargo when the vehicle passes through the checkpoint. Any discrepancies could result in a seizure of the vehicle and products.<sup>24</sup>

Interviews conducted throughout the Niger Delta with multiple participants have indicated similar payments being made across checkpoints, with the standard payment for one drum of product being 1000 to 2000 Nigerian naira (approx. USD\$3 to USD\$6). One interviewee familiar with the illegal oil industry in Abia State stated that, from the point of departure to the point of delivery, retailers of illegal oil products spend an average of 60,000 Nigerian naira (approx. USD\$167) on transportation "settlements" for different security personnel, including the military. They use a car to move the products and carry around eight drums in each trip. At each checkpoint – there are approximately four per trip – they pay a bribe of 2000 Nigerian naira for each drum of product.<sup>25</sup>

Another interviewee, also familiar with the oil theft industry, stated that at military checkpoints on land, "the army will take 1000 [Nigerian] naira for each drum". He further stated that "the military or police will not seize your product as long as you pay what they ask you to pay" and that participants in oil theft "always have money ready to pay otherwise they will seize your products".<sup>26</sup> Furthermore, a different interviewee stated that stolen products are transported into the city of Calabar through a checkpoint at Jebes, with military personnel staffing the checkpoint demanding standardised fees of 1000 Nigerian

<sup>20</sup> Focus group discussion in Bayelsa state, 7 and 8 June 2018.

<sup>21</sup> Focus group discussion in Bayelsa State, 10 May 2018.

<sup>22</sup> Author interview in Bayelsa state, 13 July 2018.

<sup>23</sup> Author interview in Rivers State, 6 June 2018.

<sup>24</sup> Author interview in Rivers State, 19 May 2018.

<sup>25</sup> Author interview in Abia State, 7 May 2018.

<sup>26</sup> Author interview in Rivers State, 2 June 2018.



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naira per 200 to 220 litre drum. These rates are fixed by the military and must be paid or the products and vehicles are seized, the interviewee said.<sup>27</sup> Consistency across difference states in the amounts charged for smuggling illegal oil through checkpoints suggests coordination and may point to complicity within the military chain of command.

In some cases, military personnel would actually sit in the front of the vehicle transporting the oil and escort it to the final destination. According to one interviewee, this special service, which comes at a higher fee, eliminates the risk of being stopped by other security services, especially the police, and being made to pay additional money.<sup>28</sup>

A similar system of checkpoint bribery is evident in the transportation of oil via water. The vast network of waterways that characterises many areas in the Delta region provides a convenient way of transporting large quantities of oil. Small barges or dugout wooden fishing canoes, called “Cotonou boats”, are some of the most popular vessels used to transport illegal oil.

Military personnel frequently tax vessels transporting illegally acquired oil in exchange for allowing their passage on the Delta waterways; not paying for such passage is apparently highly risky. One interviewee who operates boats in the delta told us:

“It is impossible for any person to transport even a drop of product on these rivers without first getting the understanding of the military. Nobody will expose his investment to that type of risk. There is no hiding, they will find you and the punishment for trying to bypass them is that your produce and the boat will be burnt. Even before the boatman agrees to give you his boat to carry product, the first question is, “have you settled security?””<sup>29</sup>

In addition, researchers claimed to have observed several points at which the products of illegal refineries are unloaded from boats onto land in the Port Harcourt area of Rivers State, including the Abonema Wharf Jetty, Creek Road Jetty, Marine Base Jetty, Woji Jetty and Iwofe Jetty. Researchers alleged that they saw scores of boats freely loading and offloading drums of refined products, while

at the roadside saw plastic drums and polythene bags containing oil products being openly loaded onto trucks, smaller vehicles and wagons.<sup>30</sup>

At Iwofe, tankers waiting to be loaded were seen lined up, while smaller vehicles waited around the perimeter to buy the products. Researchers alleged that they saw police and military personnel mingling with the crowds, with no indication that the business was clandestine, illegal or concealed. The researchers did not observe any fees being levied on traders at this stage in the process. However, according to the researchers, the security forces did not intervene in these operations, at best a clear failure to prevent illegal activity and at worst an indicator of complicity and facilitation.<sup>31</sup>

<sup>27</sup> Author interview in Cross River State, 11 June 2018.

<sup>28</sup> Author interview in Rivers State, 13 and 14 June 2018.

<sup>29</sup> Author interview in Rivers State, 8 June 2018.

<sup>30</sup> Observations by researchers in locations listed, between 12 and 18 May 2018.

<sup>31</sup> Observations made on 18 May 2018. Military personnel mentioned were JTF members.



# QUESTIONS FOR FUTURE RESEARCH

The evidence gathered for this paper suggests that despite their public commitment to ending illegal oil bunkering, military and police personnel are either turning a blind eye to the practice or actively aiding and abetting it. Given the data gathered here, future research should take the following issues into consideration:

## Oil bunkering and the larger economic and political issues

- The scale and resistance of illegal oil bunkering suggests that it is a key resource for local communities. What is the significance of oil bunkering for local, regional and national economies? Can particular economic policies lessen its attraction, limit its prevalence, and reduce the involvement of security forces?

## Breadth and depth of military involvement

- How systematic is military involvement in oil theft? Is it a coordinated, organised and structured effort led by commanders, or is it simply the actions of rogue individuals soliciting bribes?
- Are senior military officials aware of the JTF's corrupt involvement in oil theft in the Niger Delta?
- How widespread are profits from supporting illegal oil bunkering? Do they form part of a vertically integrated chain of corruption in the security forces?
- To what extent is military involvement in illegal oil theft facilitating conflict and insecurity in the Niger Delta region?

## Investigating and preventing illegal oil bunkering

- Are investigative bodies in Nigeria aware of this alleged corruption within the JTF? Are any investigations ongoing?
- Some reports suggest that other actors are involved in the oil theft industry, including oil company operatives, public officials and police officers among others. To what extent do these actors and military personnel communicate and cooperate when engaging in the illicit oil industry?
- What policies and/or systems within the armed forces could help prevent any further involvement of military personnel in illicit business?
- How can civil society and the international community, whose interests lie in curbing oil theft, help prevent military involvement?

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