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## 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 Organisation 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

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

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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%  
Fourth Participation Agreement; BP's shareholding nationalised, leaving NNPC with 80% equity and Shell 20% in the joint Venture.  
Changed name to Shell Petroleum Development Company of Nigeria (SPDC)

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  
Production Sharing Contracts signed -SNEPCO  
Sixth Participation Agreement; (NNPC=55%, Shell=30%, Elf= 10%, Agip=5%).  
The coming on-stream of Elf's Odudu blend, offshore OML 100.

1995  
SNEPCO starts drilling first Exploration well.  
NLNG's Final Investment Decision taken

1999  
NLNG's First shipment of Gas out of Bonny Terminal.

2000  
NPDC/NAOC Service Contract signed

2001  
Production of Okono offshore field.

2002  
New PSCs agreement signed.  
Liberalisation of the downstream oil sector.  
NNPC commences retail outlet scheme