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Dear Mr. Seema Joshi

nigerian agip oil company limited

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Abuja 9th March 2018

Response to Amnesty International's letter on research conducted on NAOC JV operations in the Niger Delta - key findings, dated 2nd March 2018

Foreword

With reference to the above-mentioned letter addressed to Eni Spa and copied to Nigerian Agip Oil Company Limited, we respond to you in the spirit of pursuing dialogue with stakeholders, particularly in difficult contexts. As we wrote in the past, we foster dialogue because we are aware that the problems of the Niger Delta require a Nigerian-led multi-partner strategy. We still believe that Companies, Institutions and NGOs, each in line with their respective missions, views and perspectives, must find common answers.

In the last ten years we have had a fruitful dialogue with your organization on this topic. We created a website specifically dedicated to requests for more information on the individual oil spill events, which was publicly acknowledged by Amnesty International Italy. Furthermore, NAOC achieved significant results in the Niger Delta with the reduction in volumes of oil spill in 2017 by more than 50% compared to 2014. This result was possible due to the collaboration with local communities and with local and national authorities.

While we are mindful of the importance of a frank and reliable dialogue with you, we note that some of the statements made in your letter are not correct and, in some cases, are not acceptable. In the next pages, Eni, through its subsidiary Nigerian Agip Oil Company (NAOC), operator of the NAOC JV (60% NNPC, 20%, Oando and 20% NAOC), will provide information to clarify the relevant circumstances and to confirm our position in relation to business activities in the Niger Delta. However, the very limited time allowed to collect the necessary information could affect the comprehensiveness of our response. We are therefore available to provide further clarifications on any outstanding issues, if needed.



While we welcome the opportunity of a dialogue with all interested stakeholders and in particular Amnesty International with whom we have a history of fruitful cooperation, we reject the accusations of 1) failing to take all reasonable measures to prevent oil spills and protect pipelines, 2) failing to take prompt steps to prevent pollution, 3) providing unreliable or misleading information, as explained more in details in this document.

Key finding 1 - Failure to take all reasonable measures to prevent spills and protect pipelines

Cit. 'As a pipeline operator ENI has a responsibility under Nigerian law to employ the best available technology and practice standards on all of their operations...'

NAOC, as operator of the NAOC JV, complies with Company Standards, national legislation and applicable international standards in all its operations and has always applied serious preventive measures to contain incidents¹:

1. Innovative techniques to enhance the early detection of leakages along the lines (use of fiber optics, hydrophones, etc.) and discourage oil theft activity (use of chemicals/mechanical barriers).

NAOC JV facilities (wells, flowlines and pipelines approximately covering 3.000 km) have been a target of criminal groups and militants with easier access to the area and better knowledge of the territory over the past years. The members of the **NAOC JV suffer significant losses as a result of these illegal activities, which account for 87% of total oil spill events during the last years.**

Between 2007 and September 2013, there was an increase of 1785% in oil spills due to oil theft. The peak of oil spill phenomenon in Nigeria was reached in 2014. After 2014, the trend has significantly decreased, as a consequence of the adoption of preventive and mitigation actions, such as:

- Deployment of innovative technologies to monitor the pipeline integrity (E-VPMS²)

¹ The spill incident defined as "Sabotage", currently addressed as "Third Party Interference" in the JIV Report, includes the following causes: oil theft activity, hacksaw cut, drilled hole, and use of explosives as well as other possible interferences/vandalism by unknown person(s). The detailed description of the cause of incident, for each Sabotage/Third Party Interference event is reported in the JIV Report as well as in all other Regulatory and Company reporting documents accordingly.

² E-VPMS stands for Eni Vibro-acousting Pipeline Monitoring System – it is an in-house revolutionary technology to detect oil spill events in real time listening to the vibrations of the pipelines. The system is currently installed on Akri-Kwale and Ogbainbiri-Tebidaba lines. The criterion behind this technology is that every interaction to which the pipeline is subjected - due to a change in the flow of the product or an external impact on the flowline - can be detected through sounds captured by installed sensors.



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Aerial surveillance (from 2018 as well by means of drones)

Wellhead passive protection (wellhead cages, anti-theft bolts and nuts, anti-tamper valves etc.)

- Reinforced community based surveillance
- Environmental awareness campaign, etc.

The results of these actions are reflected in the following figures for 2017:

- **-75%** total oil spill events in 2017 compared to 2014 (882 cases in 2014 VS 221 in 2017)
- **-51%** volume of oil spilled in 2017 compared to 2014 (7208 bbl in 2014 VS 3523 bbl in 2017)
- No pending clean-up activity for 2017
- Reduced post clean-up inspection backlog

The oil theft phenomenon is strictly monitored in terms of efficiency in oil spill response (containment of volume of oil spilled into the environment caused by oil theft points leaking) and in terms of efficiency in early detecting oil theft installation on our assets.

2. Pipeline coating, integrity survey, cathodic protection, and ultrasonic thickness measurement, chemical injection of corrosion inhibitors, internal corrosion monitoring.

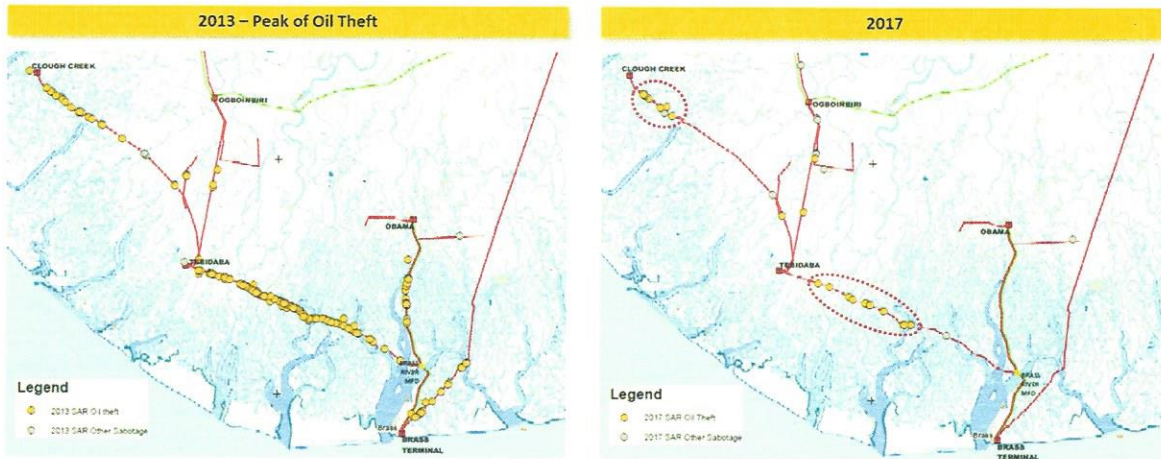
Since approximately 13% only of the spills that occurred in recent years turned out to be attributable to operational reasons, NAOC JV kept focusing on sustainable operations, process safety and asset integrity. In 2017, the number of oil spill incidents due to operational causes decreased by **74% compared to 2014** (74 cases in 2014 VS 19 in 2017) and the **spilled volumes reduced by 50% compared to 2014** (533 bbl in 2014 VS 268 bbl in 2017).

Cit. '...the 18" Tebidaba/Brass Pipeline' could well be the continent's leakiest stretch of pipeline.

In your letter, the *Tebidaba-Brass pipeline* is mentioned as an example of poor results in terms of surveillance and monitoring of asset integrity. However, the figures below clearly show the difference between the numbers of oil spill events due to oil theft in 2013 VS the results obtained in 2017, following the preventive measures put in place by the Company.



Oil theft activity virtually ceased in swamp (-91% vs 2013). Minor bunkering remains active in two areas only



These results highlight the Company's commitment to constantly improve its performance in the area notwithstanding its challenges. **NAOC JV therefore fully rejects your allegation.**

Cit. Eni reported that 96 of the spills occurred from previously repaired sections of the pipe...

Cit. ...different occasions that it needed to improve surveillance and/or security to prevent further spills.

As correctly mentioned in this passage, NAOC JV cannot be held to have a duty to fight the *criminal groups* that repeatedly attack the same locations along the pipeline. Criminality can only be mitigated with the support of government security agencies. This has been pursued over the years by increasingly patrolling sensitive areas via over-fly and ground trotting. The number of interventions has greatly increased during the last years:

- Number of dedicated aerial surveillance operations conducted in 2017: 58 overflights (Vs. 33 in 2016). In addition, routine overflights along our pipeline ROW are conducted daily.
- Number of ground surveillance patrols conducted in 2017: 95 ground trotting exercises (Vs. 48 in 2016). Its main objective is to double check if there are grey areas which are not identified by our surveillance contractors.

The spill points are spotted and geo-referenced on a real time basis, to better support the intervention team on ground, with early identification of the suspected oil theft installations on our pipelines.



In your letter, you state that from 2014 to 2017 NOSDRA warned Eni on 162 occasions that it needed to improve surveillance and/or security of its pipelines. This statement is misleading as NOSDRA's Joint Investigation Visit reports only recommended improved surveillance as a means for continuous improvement. NOSDRA is fully aware of the difficult situation in the Niger Delta.

It is also commonly known that militancy activities in the Niger Delta contribute to the frequency of damage of oil facilities and the attendant oil spills.

Key finding 2 - Failure to take prompt steps to prevent pollution

Cit. Regardless of the cause of the spill, ENI is responsible for limiting its harm: by acting promptly to prevent the contamination, and then by cleaning up all pollution...

Your letter mentioned that 'in the overwhelming majority of the cases, ENI conducted JIVs, on the same day that spill were reported' which seems to highlight a good performance of the company in response to spill events. In the following lines, however, it is stated that 'under Nigerian law, the oil companies are obliged to visit the site of the oil spills within 24 hours of reporting them. But the data provided by ENI shows that it regularly fails to do it'.

As you are aware, the cause of the spill is not determined by NAOC JV alone, but by the Joint Investigation Visit team, composed of entrusted representatives of all stakeholders involved (Government Regulatory Agencies, Communities and Company's representatives). **All parties involved can confirm that the JIV is arranged as soon as possible**, provided that there are no significant security constraints and all stakeholders involved are available (Government Regulatory Agencies' representatives and Communities' representatives).

Since 2015, the implementation of a more efficient JIV process led to the reduction in delays / costs associated and potential non-compliances. The result has been an increase in resolved issues, as well as enhanced overall productivity and improved stakeholders' relationship and company's reputation.

Cit. the slowest time was 430 days. This was on '8' Nimbe south-Obama flowline in Bayelsa state.

This allegation is somewhat misleading and definitively requires more accurate information: even though it took more than one year to finalize this JIV, the reasons causing the delay were promptly communicated twice to the operations controller of the Ministry of Petroleum resources:

- *Let. AOO/ENV/HSE/PH/4727/2015 (12/10/2015)...we refer to the spill reported along '8' Nimbe south-Obama flowline at Sabatoru...be informed that we have been denied access to the site to carry out the JIV by Sabatoru Community. **Meanwhile the line has been isolated and containment measures (deployment of booms) have been put in place***
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- **around the leak point on the line.** We therefore seize this opportunity to inform you once again that the disruption of JIV/repair intervention is a recurrent problem in this area.
- Lett. OAA/ENV/HSE/PH/0035/17 (21/02/2017)...please be informed that the JIV was conducted under the search and repair mode...Delay in JIV was due to community denied access that was communicated to DPR through our letter of 12/10/2015.

We take the opportunity to confirm that the estimated quantity of the oil spilled (4 bbl) resulted accurate.

Cit. if company stop a spill before a JIV takes place this then means there are no government or community representatives to independently verify these claims....

In order to manage oil spill emergencies, the NAOC JV developed an **Oil Spill Contingency Plan**, in compliance with Eni standards and international guidelines (IPIECA). The Plan defines and governs the process to handle this kind of emergencies .

In the event of an oil spill, NAOC JV usually isolates/shuts-in the facilities involved. The in-house response team immediately alerts the regulators and mobilizes for verification, with a view to deploying the containment measures to limit the spread of spill and recovery. Only in cases where the company is prevented from accessing the asset by third parties (such as criminals or restive youths) is the response action delayed. A response action is activated immediately, regardless of the spill cause (sabotage or operational oil spill), and it is not affected by possible delays in the JIV process.

The measures taken by the company to stop the spread of the oil, aimed to timely protect the environment and the communities, do not prejudice the conduct of Joint Investigation by regulators, company and the stakeholders to determine the cause of the spill. Booms are the most effective means to reduce the spread of the oil spill impacts. Eni is always paying maximum attention on technology R&D.

Clean-up:

Our approach is consistent with Part VIII Section F-Management and Remediation of Contaminated Land in DPR Environmental Guidelines and Standards for Petroleum Industry in Nigeria (EGASPIN) as well as NAOC JV procedure and international standards.

As per Regulatory requirement, the main steps to be followed for the oil spill management are: the notification of the spill incident, the Joint Investigation Visit (carried out with Community representatives, Regulators and operator), clean-up and Post Clean-up Inspection. In some cases, after clean-up is completed, further actions are required to enhance the recovery of the impacted area over time, until full restoration. This Enhanced



Natural Attenuation is then designed, implemented and monitored under the Remediation process. The RENA approach to remediation:

Hydro-carbons, once released to land, can be transferred and degraded through a number of natural processes, including:

- Evaporation to the atmosphere;
- Infiltration, alone or along with rainwater, to soil and groundwater;
- Overflow into swamps and water bodies;
- Run-off with rainwater to swamps and water bodies;
- Microbial degradation on the ground surface, or in soil, swamps, water or groundwater.

The principle of RENA (Remediation by Enhanced Natural Attenuation) for clean-up of contaminated land is to augment natural microbial degradation in situ, so that the concentration of contaminants can be reduced beneath the fixed thresholds.

Under RENA, contaminated land, (topsoil) is initially ploughed over, either mechanically or manually, to increase aeration. Fertilizer is added to supplement the nutrient requirements of the bacteria as they break down the pollutants. The ploughed soil is then piled into neat windrows to further enhance the aeration process. Samples are taken from the windrows every quarter and once the specification of 5,000 mg/kg of TPH (Total Petroleum Hydrocarbons) is reached, the windrows are levelled and manual replanting of local plant species starts.

Key finding 3 - Unreliable or misleading information

Cit Amnesty International acknowledges that ENI may be more transparent than other companies operating in the Nigeria Delta, since you publish JIV forms and other information. But analysis of this information shows that much of it is unreliable and at worst, is deliberately misleading [...] In view of all the evidence we have seen, ENI has on occasion deliberately manipulated the JIV process regarding cause of the spill and volume of spilled oil in order to avoid liability

JIV process abides by the rules of local environmental legislation (EGASPIN) and the NOSDRA Act: the JIV team is composed of representatives of all stakeholders involved in the identification of the oil spill cause, which include Government Regulatory Agencies' representatives, Communities' representatives, as well as Company's representatives. The JIV report expresses the common evaluation on the cause of spill among all stakeholders involved, as confirmed by their signatures. Stakeholders involved at the time of investigation



are the entrusted and credible eyewitnesses of the oil spill impact and are entitled to assess the cause of spill, with the aim of ascertaining the truth.

As mentioned in your letter, NAOC JV publishes the total number of incidents on our facilities in the NAOC Sustainability website irrespective of whether they have generated a spill or not. A dedicated section presents the details of the oil spill events with related JIV Report and pictures (the events reported are on oil spills equal to or higher than 1 barrel). This threshold allows us to focus on disclosing the causes and the impacts of the significant events and on a monthly basis.

The oil spill response process, as requested by Nigerian legislation, is defined and implemented by NAOC JV through the Oil Spill Management Procedure and System.

In March 2015, NAOC JV commissioned a third party Certification Body to carry out an independent compliance assessment of the oil spill response process, addressing the period 2007-2014 for about 3900 spill events. The aim was to ensure that **NAOC JV Oil Spill Management System** fully operates in line with Company standards, local laws and regulations including the Environmental Guidelines and Standards for the Petroleum Industry in Nigeria – EGASPIN, and National Oil Spill Detection and Response Agency Act 2006 No. 15), as well as applicable international standards. The result of the assessment confirmed that NAOC JV Oil Spill Management System is compliant with Company Standards, Local Regulatory framework, and applicable international standards.

In November 2017, a second compliance assessment was performed for 800 spills which occurred between 2015 – 2016. The result of the assessment confirmed that NAOC JV maintained and improved the Oil Spill Management System in order to ensure the continuous compliance with Company standards, local laws and regulations as well as international standards. The reassessment of NAOC JV Oil Spill Management System is carried out regularly every two years, and the third one is scheduled for 2019. Furthermore, NAOC JV environmental procedures are ISO 14001 certified and aligned with the Company standards, Nigerian Law and international standards. Therefore, **these allegations are strongly rejected.**

Cit. 'Total spill figures: NOSDRA has reported a higher number than ENI since 2011, revealing that ENI is under-reporting the number of spills from its network of pipelines and wells'.

National Oil Spill Detection and Response Agency (NOSDRA) publishes the spill statistics for all the Nigerian Oil Companies on <https://oilspillmonitor.ng/>

As published on the web site, the *Nigerian Oil Spill Monitor* gives public access to official data on oil spills collected by NOSDRA, the Nigerian environmental regulator. On clicking 'explore oil spill map', a menu with specific research criteria pops up on the screen. It is



possible to select the Incident period (i.e. all the events after January 2011), the Company (i.e. NAOC JV) and the status of the record captured by the database (i.e. spill confirmed, invalid: mistakenly reported, new, reviewed: awaiting confirmation). The results show that numbers of NOSDRA and NAOC JV are aligned since 2013 (2% of error in database can be reasonably accounted) and for 2014-2015 NAOC JV has reported a higher number of Oil Spill compared to NOSDRA. Please consider that this misinterpretation for 2016 and 2017 can be explained by the fact that from 2016, in line with the Industry practices, only spills with volumes greater than 1 bbl are reported on NAOC JV web-site while NOSDRA reports all of them. **All oil spills events are eventually accounted for in our database anyway.**

Data from JIVs is recorded on the NAOC JV internal management system at the same time when official FORMs are filled in and sent to the Authorities. Such a system minimizes human errors in data recording.

The fact that the JIV reports are publicly available, makes it possible to compare key data agreed on the field, and those reported by the company. At the end of the Joint Investigation Visit, each JIV signatory party receives a copy of the investigation report. Moreover, the digital copy of the JIV report is available on the NAOC sustainability website.

Eni is committed to respecting human rights in line with the UN Guiding Principles for Business and Human Rights (UNGP) adopted by the United Nations in 2011, and as acknowledged in the OCSE Guidelines for Multinational Enterprises. Respect for human rights is enshrined in Eni's Sustainability Policy, in the Code of Ethics and in the Guidelines for the Protection and Promotion of Human Rights. All documents are mandatorily applied by Eni SpA and by all its subsidiaries, including NAOC.

Key finding 4 - Request for information

NAOC JV aims to achieve "zero oil spills" target. The actions already put in place will be continuously reinforced through:

- Prevention by asset integrity, pipeline replacement program, removal of old clamps
- Early detection by:
 - Increased overfly surveillance and community engagement for surveillance on ground
 - Test and deployment of technologies for the real-time monitoring and surveillance of pipelines
- Containment and recovery by:



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- Improved oil spill tracking system by geo-referenced localization of the sabotage points to better address response strategy
- Customized technology for prompt pipeline repair
- Local Development and Sustainability by promoting community investment projects, local content, stakeholders' engagement.
- Environmental Conservation: Awareness Campaign Program.
 - The Program aims to deliver at grass root level awareness on the dangers the entire ecosystem faces following sabotage acts on oil infrastructures
 - The program is targeting community members as well as representatives of institutions and regulators in charge of Niger Delta environment protection
 - From 2017, a series of public awareness campaigns has started in the most sensitive areas of NAOC JV operations

We trust that the above information contributes to a more accurate understanding of the complex situation of the Niger Delta, as well as of the actions that NAOC and its partners are actively pursuing in contributing to the Nigerian Government's efforts in addressing that matter.

As anticipated above, we remain available for any further clarification you consider appropriate.

Yours faithfully,
NIGERIAN AGIP OIL COMPANY LIMITED


Massimo Insulla
Vice Chairman/Managing Director

Cc:
"Elena Santiemma – Relazioni Istituzionali - Amnesty International Italia