
TROUBLE IN AGUDAMA-EPIE

Oluwaseun Ajaja, Michelle LeBaron,
Mariam Omotosho & Stanley Omotor

This case centers around Ochuko, a young Nigerian rising star in the oil sector with expertise in oil prospecting, extracting, and refining. Ochuko returned home to participate in the growth of his country's oil and gas industry. When he arrived, he encountered many complexities including espionage, covert state players, corruption, and exploitation of local communities. He began to wonder whether his employer was a front for a foreign entity with a stranglehold on the Nigerian oil sector regulators.

This case reveals the complexities of modern hybrid warfare in the context of a semi-autocratic state where there is little accountability for government policies and actions. Players with competing interests and links to shell companies and corruption vie for control over resources. Armed conflict is endemic in this high-tension atmosphere, pointing to the ways that apparently useful international collaboration and cooperation can result in terrible consequences for local industries and populations. The consequences of seeking or exposing truths that are not aligned with powerful narratives can be dire.

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Oluwaseun Ajaja, Michelle LeBaron,
Mariam Omotosho & Stanley Omotor¹

Disclaimer

Although this scenario is designed to look real, it is not a true story. We believe such events may happen (or may have happened) in a different context but the scenario as described, and the characters, are based on the authors' imagination.

Authors' note:

This scenario shows how the search and quest for control of valuable natural resources can quickly yield asymmetrical conflict, where local people, with their spiritual traditions and values, may be sacrificed on the altar of profit. It illustrates labyrinthine relations between companies and multiple government entities, in which companies act as a front for governments (national and foreign). As private and national security forces get involved, collusion hurts less powerful locals and domestic companies, ultimately compromising patrimony and autonomy.

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Startled by his alarm, 40-year-old Ochuko stirs and yawns. It is 5:30 AM. He risks arriving late at his new job if he does not get up right away. As a recognized rising star within the oil sector, Ochuko's expertise straddling oil prospecting, extraction, and refining had earned him respect across the industry. After recently completing his MBA at Lagos Business School, he felt a renewed sense of pride in returning home to contribute to Nigeria's oil and gas industry.

Nearly twenty years ago, Ochuko had earned his bachelor's degree in petrochemical engineering from Gubkin University, Russia. His career began then at Gazprom, Russia's largest oil company, where he worked for five years. Since leaving Gazprom, Ochuko's list of employers has included prominent players like Royal Dutch Shell PLC, Saudi Arabia Oil

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Co., and China National Offshore Oil. His roles have given him access to leaders, regulators, government entities, investors, and other major players in the global oil sector.

After his MBA, Ochuko began consulting for local oil companies exploring and extracting oil in the oil-rich Niger Delta of Nigeria. His expertise caught the attention of SaOil Nigeria PLC – one of the largest oil and gas companies in Nigeria – which hired him to oversee crude oil extraction from Oil Mining Lease (OML) 21, situated in the oil-rich Agudama-Epie community in Bayelsa State. The SaOil Group, a Chinese oil company, owns a 49% stake in SaOil Nigeria PLC. While the process of securing OMLs from the Nigerian Department of Petroleum Resources usually takes at least two to three years, SaOil managed to obtain its OML just fifteen months after its incorporation in Nigeria. It has been rumored that this speed was related to SaOil's unusually generous campaign contributions to key politicians, among other things, but there is no evidence to substantiate this allegation.

Agudama-Epie, where SaOil Nigeria PLC is exploring and extracting oil, is a largely agrarian and fishing community with rich crude oil deposits. Given the few roads linking it to other communities and urban areas in Bayelsa State, the norms, traditions, and culture of Agudama-Epie have remained largely intact. Inhabitants of Agudama-Epie have also preserved their deep spiritual connection with the rivers and other water bodies located in the community. People from Agudama-Epie perceive water bodies in their territories as sacred, viewing them as the connecting pathway to their ancestors.

The recent discovery of large deposits of crude oil in Agudama-Epie's sacred waters elevated this little-known community to national prominence. Recently, the Minister of Petroleum, accompanied by major players in the oil industry, visited the community by the only means available – a fishing boat. During the visit, the Minister touted Agudama-Epie as the “next big thing,” promising inhabitants government support to construct “urgently needed” basic infrastructure. While there, the Minister pointed to the thousands of direct and indirect jobs that the extraction and exploration of crude oil would create for the community. Though the visit took place over a year ago, no top government official has paid a follow-up visit to the community, and the promised infrastructure has yet to materialize.

Under the Land Use Act of 1978, all mineral resources in Nigeria are vested in the federal government, which can acquire land and water under the aegis of national interest to facilitate access to the minerals. Despite promising not to use the provisions of the Land Use Act to nationalize the Agudama-Epie rivers, the federal government proceeded to cultivate relationships with special interest groups, lobbyists, and religious leaders to generate support for doing exactly this. Coupled with subtle threats to community leaders (the government is well-known for draconian responses to civil opposition or disobedience), these tactics have worked: prominent sons and daughters of Agudama-Epie prevailed on the community to permit crude oil exploration and extraction. Spiritual claims related to the water were discounted.

Following nationalizing the rivers, the government invited bids from oil companies to explore for crude. As part of its bid, SaOil Nigeria PLC undertook to refine any crude oil extracted at its soon-to-be-completed refinery, strategically situated nearby in Bayelsa State. Refining nearby would sharply reduce the cost of refined crude products to local consumers, as competitors import their refined crude from foreign refineries. As well, the refining and distribution activities would create longer-term jobs than the oil exploration phase itself – so SaOil assured the government that the refinery would provide 1,000 permanent jobs and close to 10,000 indirect jobs.

SaOil Nigeria PLC had another long-term objective that it claimed would benefit Nigeria: increasing its market access to the Nigerian oil industry by gradually establishing sister entities to control downstream activities. Ultimately, the goal of SaOil Nigeria PLC was to secure a lion's share of the oil sector and thus become an irreplaceable player with increasing influence. In setting up SaOil Nigeria PLC, the parent company was careful to ensure that 51% of the stock would be in the hands of wholly-Nigerian-owned companies. The newly created stock was sold to just two private Nigerian firms (25% to one and 26% to the other) in transactions out of the public eye. These two firms were not listed on the stock market, and much of their business was obscure. A well-respected and award-winning Lagos business journalist reported that the initial stock price was set suspiciously low, and that the two firms were controlled by families closely affiliated with key Nigerian political figures. The journalist pointed to de facto Chinese control of SaOil Nigeria PLC, writing that both firms were almost entirely dependent on China. They wrote that one of them makes goods that appeal to Chinese tastes but have no ready market outside China; the other depends on China as a virtually irreplaceable source of key materials in its supply chain.

Ochuko's principal current task is to assist SaOil Nigeria PLC in navigating oil development in OML 21. His bosses have told him that if he is successful, he will be the leading candidate for the more prestigious job of running the refinery. As he drives towards SaOil's refinery, under construction on the Epie river (the most sacred of all the waters in Agudama-Epie), he notices a traffic build-up. CEC – a member of the conglomerate to which SaOil Nigeria PLC's parent company belongs – has begun constructing roads to link Agudama-Epie to urban areas. CEC is notorious for being slow to situate Nigerians in higher paying jobs; the company has fueled resentment by importing not only Chinese technicians and managers but even front-line supervisors and semi-skilled mechanics in preference to available locals. Ochuko shakes his head and mutters unhappily under his breath: "These Chinese people are taking over our country; wherever you turn, you find them constructing one thing or another."

Ochuko's frustration is not misplaced. With barely concealed subsidies from the Chinese Government, CEC had outbid local competitors for the contract to construct SaOil's refinery, and sub-contracted technical aspects of the construction to its sister companies. Given multi-layered and complex contractual relationships between them,

CEC and its sister companies had consistently outbid local competitors, even on infrastructure jobs that local competitors were well-qualified to handle.

CEC's contractual terms with the government do not permit CEC to be granted any regulatory concessions, nor any access to classified data or intelligence briefings. Yet CEC appears to be receiving both kinds of help. Rumors swirl that – in addition to turning a blind eye to a range of regulatory shortcuts, especially when they are deniable – some senior government officials (for some yet to be ascertained reasons) are providing CEC with intelligence data not available to other firms.

In turn, and pursuant to the 2017 Chinese National Intelligence Law, CEC allegedly passes on the intelligence reports it obtains from Nigerian government officials to Chinese intelligence agencies including the Ministry of State Security (MSS), which critically analyzes the reports on Nigeria's affairs. It also appears to rely on such information to identify stressors and conditions that could help CEC gain a more significant foothold in the country's political economy. CEC also apparently shares much of that information with its sister firms, giving all of them an edge over competitors across a range of commercial activities.

Recalling his experience working for other prominent oil companies, Ochuko wonders whether the Nigerian government has considered the consequences of CEC's complex relationships. He also worries about the implications of the rumored flow of sensitive state secrets to the Chinese intelligence agencies. Based on his experience at Saudi Arabia Oil, he suspects it may not even end there; he suspects that the US National Security Agency may well have the electronic capacity to piggy-back information from all these flows. This could potentially result in US allies such as the Five Eyes also having access to information kept secret from ordinary Nigerians and other Nigerian firms. Because there is no evidence of any attempt by the Five Eyes to interfere with this information flow, Ochuko suspects that they have decided simply to monitor it, with a possible future objective of feeding disinformation into the information stream. If any of this is true, the implications for Nigeria are unclear, but worrying all the same.

Ochuko has long suspected that – through such piggy-backing – the US has been able to stifle competition, creating a dwindling field of competitors (and therefore contract terms unnecessarily unfavorable to Africa) in telecommunications, infrastructure, and oil industries within resource-rich countries. A report recently released by the World Trade Organization confirmed some of his suspicions. He wonders whether China or the US (or both) have strong-armed the Nigerian government to roll back its anticompetition law and regulations within the Nigerian telecommunications and oil and gas industries. Considering China's and the US's competing ideological stances, Ochuko's curiosity is piqued.

Ochuko also questions whether Nigerians or members of the international community are aware of CEC's connection to the CCP and to Chinese firms in apparently unrelated industries. He worries about the consequences of these complex relationships for Nigeria's political economy, but feels resigned. He thinks aloud: "Nationally, no one will hear of this,

not when the Broadcasting Commission keeps an intrusively probing eye on news outlets and other media not owned by the government or its cronies.” Indeed, a media outlet that released an exposé on a reported oil spillage caused by NelOil (another CCP-backed company) which destroyed the environment of the neighboring Burutu community found itself invaded by a group of unidentified paramilitary personnel of mixed race, acting on “orders from above”, without any further explanation. Such incursions, generally justified under the disguise of “national security”, aimed to silence dissent and curtail public discourse. The same outlet had also alleged that NelOil had conducted a sham risk impact assessment which NelOil claimed had shown minimal adverse impacts for the Burutu community. They further reported that the risk assessment consulting company was a shell firm located outside Nigeria and operating under the control of NelOil. SaOil Nigeria PLC used the same company for its risk impact assessment in Agudama-Epie.

Monitoring and silencing extended beyond media firms. A social media influencer who exposed some of the complexities and distortions in the industry, and publicized the death of about two dozen Burutu inhabitants from environmental degradation, was arrested on charges of fraud and leaking state secrets. Observers view these charges as thinly veiled attempts to suppress dissent and dissuade others from speaking out.

As ever, the local populace relies more on local rumors than on the necessarily suspect national press. Locals are currently seething from the rumors, and from their growing suspicions that they will be shut out of long-term employment or other gains resulting from all this activity. This anger has generated increasing attacks on the construction, equipment, and employees of SaOil Nigeria PLC and its sister companies. Responding to these threats to its investments, SaOil tapped a Chinese security firm for help. The security firm’s rank-and-file personnel are Nigerian, though not the more senior officers. Tensions within the security firm are rising, and a local journalist claims to have unearthed proof that the staff have deliberately been recruited from the northern part of Nigeria, with which there is considerable tension with the oil-rich Agudama-Epie area. The security firm claims to be providing “technical support” to the Nigerian government in battling the increasingly aggressive militancy in the Niger Delta region.

Recently, an American security firm’s trucks and personnel have been observed in Agudama-Epie. This firm appears to have strong military ties and is employed by an American oil company operating a lease 200 miles from Agudama-Epie. Journalists have inquired about their presence far from their supposed area of concern but have received no explanation. Coupled with the visible presence of Nigeria’s security patrols, Ochuko worries that civil unrest is about to break out in the Niger Delta. General agitation has led to increased tensions between civil society organizations and oil industry players in the area. Ochuko worries that a mishap might ignite a flame of violence that could consume the region. While foreign interests could promptly exit, any long-term impact would be felt by Nigerians who would be left with the mess.

Aware of this risk, civil society organizations and community leaders in the region have tried to influence the Nigerian government to de-escalate tensions. In a recent meet-

ing with the Nigerian Security Council, the president promised to study their request and act accordingly. However, a recently botched counter-militancy operation that led to the death of two Chinese nationals involved in Nigerian military efforts – apparently by military hardware exclusively used by the United States military – threatened to further escalate tension in the region. Subsequent investigations revealed that the hardware was a knockoff and not US hardware. China then became the leading suspect in most local people’s eyes. But would the Chinese government kill its own citizens? What would it gain from doing so? Or could this be corporate sabotage by a competitor, seeking to undermine China’s investment in the region? The answers to these questions are unclear.

In addition, a case at the Federal High Court alleging the direct involvement of the Nigerian government in invading the media outlet who exposed NelOil’s questionable oil extraction practices has stalled. The government has claimed that the delay relates to national security concerns. Ochuko is not surprised. In his employment in Chinese, Russian and Saudi Arabian firms, this is a familiar tactic that governments employ to protect their interests and investments. But whose interest is the Nigerian government protecting in this instance? Answering that question would be a complicated task; Ochuko feels ill-prepared to undertake it. Yet, he does know that – until that question is answered – the fate that befell Burutu could be minor compared to what awaits Agudama-Epie.

Possible questions for all audiences

- 1) What elements make you consider this may be a full-fledged hybrid warfare situation? Identify all hybrid warfare mechanisms at play in the scenario. How do they play in conjunction with one another? What do you notice about the nature of hybrid warfare as you apply a conflict analysis lens to this situation?
- 2) Draw a map of all stakeholders involved in the story. Who are the relevant people and institutions that should be considered in this situation and how do they inter-relate? List and prioritize the interests of each of the main stakeholders of the case.
- 3) From Ochuko's perspective, what is the broader context of these issues? How can he and others find out the truth about where power levers exist, and who is pulling them?
- 4) Describe the conflicts and issues in this case. How do they relate to control over resources, access to sensitive information, use of militaries and private security firms to silence dissidents or other issues?
- 5) Who are the main parties in the emerging conflicts, and what are their interests and worldviews? Consider state actors; non-state actors including companies (foreign and domestic); press and social media; private citizens; intelligence agents/security actors; militias and militaries; members of civil society. Anyone else?
- 6) What obstacles prevent protection of national and community interests?
- 7) What part do rumours play in grey zone conflicts, as gleaned from this scenario? (For example, misinformation; whistleblowing; distraction; others?)
- 8) Given the labyrinthine nature of transnational dynamics, what roles do companies play in shaping foreign and domestic policies?
- 9) How might more powerful countries use proxies (including less powerful countries; shell and complex networks of companies; or people from local communities incentivized to champion resource extraction activities, etc.) in their relations with each other?
- 10) What effect might arms proliferation, under the guise of infrastructure safety, have on conflict escalation?
- 11) Describe the broader context within which these conflicts are unfolding. (For example, how do they relate to erosion of the rule of law and transparent governance; corruption; espionage; abuse of right to self-determination of indigenous peoples; neocolonialism and other phenomena?)

- 12) Which conflicts are manifest, and which are latent? How do local interests in relation to resources relate to access to sensitive and security information? What roles is the national government playing in relation to dissidents?
- 13) In hybrid warfare, economic, political, technical, social, intelligence and security resources may be used to influence or control sovereign states and local populations. How might these resources be implicated in this scenario?
- 14) With transnational transactions on the increase, what roles do companies play in countries' foreign policies? Consider, e.g., economic exploitation; political manipulation; and other actions by foreign actors that attract neither repercussions nor accountability, creating environmental and health hazards through resource exploitation activities.



“Undermine the legitimacy of key institutions.” From a series of weavings by Rachel Parish, with quotes from Qiao and Wang’s *Unrestricted Warfare* (People’s Liberation Army Publishing House, Beijing 1999.) In color at <https://rachelparish.com/projects/gentle-and-kind-things/>