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***OIL & GAS AND THE
GAMES OF NATIONS***



Delivered By

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Chief Richard Akinjide signed that **Convention** and **The Final Act** on behalf of **Nigeria** at **Montego-Bay, Jamaica.** **Publications** of **AKINJIDE & CO** series which started with **“Advocacy, Ethics and The Bar”** have now reached **33 (thirty-three)** issues and circulates world-wide. **Chief Richard Akinjide** established trusts in the **Universities of Ibadan, Jos and Cambridge (England)** and the **Nigerian Law School for Annual Prizes in Law.** **Five (5)** of his children read law. **Chief Richard Akinjide** was the **President of the Nigeria Bar Association (NBA) 1970-1973** and past **Chairman of the Nigerian Body of Benchers** and a past **Member of the**

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OIL & GAS AND THE GAMES OF NATIONS

By

Chief Richard Akinjide, *CON, SAN, FCIARB. (U.K), FCE*

For what immediately follows, I am grateful to “Bitumen And Petroleum In Antiquity” (1936) and “Studies In Early Petroleum History” (1958) respectively at LEIDEN, in Holland, that excellent centre of higher knowledge. Oil was hardly unfamiliar to mankind. In various parts of the Middle East, a semi-solid oozy substance called bitumen seeped to the surface through cracks and fissures, and such seepages had been tapped far back into antiquity—in Mesopotamia, back to 3000 B.C. The most famous source was at Hit, on the Euphrates, not far from Babylon (at the site of modern Baghdad). In the first century B.C., the Greek historian Diodor wrote enthusiastically about the ancient bitumen industry: “Whereas many incredible miracles occur in the Babylonian country, there is none such as the great quantity of asphalt found there.” Some of these seepages, along with escaping petroleum gases, burned continuously, providing the basis for fire worship in the Middle East.

Bitumen was a traded commodity in the ancient Middle East. It was used as a building mortar. It bound the walls of both Jericho and Babylon. Noah’s ark and Moses’ basket were probably caulked, in the manner of the time, with bitumen to make them waterproof. It was also used for road making and, in a limited and generally unsatisfactory way, for lighting. And bitumen served as a medicine. The description by the Roman naturalist Pliny in the first century A.D. of its pharmaceutical value was similar to that current in the United States during the 1850s. It checked bleeding, Pliny said, healed wounds, treated cataracts, provided a liniment for gout, cured aching teeth, soothed a chronic cough, relieved shortness of breath, stopped diarrhea, drew together severed muscles, and relieved both rheumatism and fever. It was also “useful for straightening out eyelashes which inconvenience the eyes.” It was the same Pliny who said: *Ex Africa, semper aliquid novi*, meaning: *there is always something new out of Africa*. I quoted this in my 2nd Edition of “Africa And The Development Of International Law” published in The Netherlands in 1988 and selling world-wide.

There was yet another use for oil; the product of the seepages, set aflame, found an extensive and sometimes decisive role in warfare. In the *Iliad*, Homer recorded that “the Trojans cast upon the swift ship unwearied

fire, and over her forthwith streamed a flame that might not be quenched.” When the Persian King Cyrus was preparing to take Babylon, he was warned of the danger of street fighting. He responded by talking of setting fires, and declared: “We also have plenty of pitch and tow, which quickly spread the flames everywhere, so that those upon the house-tops must either quickly leave their posts or quickly be consumed.” From the seventh century onward, the Byzantines had made use of oleum incendiarum—Greek fire. It was a mixture of petroleum and lime that, touched with moisture, would catch fire; the recipe was a closely guarded state secret. The Byzantines heaved it on attacking ships, shot it on the tips of arrows, and hurled it in primitive grenades. For centuries, it was considered a more terrible weapon than gunpowder.

So the use of petroleum had a long and varied history in the Middle East. Yet, in a great mystery, knowledge of its application was lost to the West for many centuries, perhaps because the known major sources of bitumen, and the knowledge of its uses did not go, beyond the boundaries of the Roman empire, and there was no direct transition of that knowledge to the West. Even so, in many parts of Europe — Bavaria, Sicily, the Po Valley, Alsace, Hannover, and Galicia, to name a few — oil seepages were observed and commented upon from the Middle Ages onward. And refining technology was transmitted to Europe via the Arabs. But, for the most part, petroleum was put to use only as the all-purpose medicinal remedy, fortified by learned disquisitions on its healing properties by monks and early doctors. The Roman Catholic Church in Nigeria is rendering excellent service by providing local plant medicine available at affordable cost. Same in Ghana.

That is for the past. Now to Daniel Yergin who is the modern specialist in the epic quest for Oil, Money and Power and the Game of Nations and it is to Daniel Yergin I owe what now follows. He talks of Upstream, Downstream, and All Around the Stream. He says the oil is divided into three: The “upstream” comprises exploration and production. The “midstream” are the tankers and pipelines that carry crude oil to refineries. The “downstream” includes refining, marketing, and distribution, right down to the corner gasoline station or convenience store. A company that includes together significant upstream and downstream activities is said to be “integrated.”

By generally accepted theory, crude oil is the residue of organic waste — primarily microscopic plankton floating in seas, and also land plants — that accumulated at the bottom of oceans, lakes, and coastal areas. Over

millions of years, this organic matter, rich in carbon and hydrogen atoms, was collected beneath succeeding levels of sediments. Pressure and underground heat “cooked” the plant matter, converting it into hydrocarbons—oil and natural gas. The tiny droplets of oil liquid migrated through small pores and fractures in the rocks until they were trapped in permeable rocks, sealed by shale rocks on top and heavier salt water at the bottom. Typically, in such a reservoir, the lightest gas fills the pores of the reservoir rock as a “gas cap” above the oil. When the drill bit penetrates the reservoir, the lower pressure inside the bit allows the oil fluid to flow into the well bore and then to the surface as a flowing well. “Gushers” —or “oil fountains” as they were called in Russia—resulted from failure to manage the pressure of the rising oil. As production continues over time, the underground pressure runs down, and the wells need help to keep going, either from surface pumps or from gas reinjected back into the well, known as “gas lift.” What comes to the surface is hot crude oil, sometimes accompanied by natural gas. But as it flows from a well, crude oil itself is a commodity with very few direct uses. Virtually all crude is processed in a refinery to turn it into useful products like gasoline, jet fuel, home heating oil, and industrial fuel oil. In the early years of the industry, a refinery was little more than a still where the crude was boiled and then the different products were condensed out at various temperatures. The skills required were not all that different from making moonshine, which is why whiskey makers went into oil refining in the nineteenth century. Today, a refinery is often a large, complex, sophisticated, and expensive manufacturing facility.

Crude oil is a mixture of petroleum liquids and gases in various combinations. Each of these compounds has some value, but only as they are isolated in the refining process. So, the first step in refining is to separate the crude into constituent parts. This is accomplished by thermal distillation—heating. The various components vaporize at different temperatures and then can be condensed back into pure “streams.” Some streams can be sold as they are. Others are put through further processes to obtain higher-value products. In simple refineries, these processes are primarily for the removal of unwanted impurities and to make minor changes in chemical properties. In more complex refineries, major restructuring of the molecules is carried out through chemical processes that are known as “cracking” or “conversion.” The result is an increase in the quantity of higher-quality products, such as gasoline, and a decrease in the output of such lower-value products as fuel oil and asphalt.

Crude oil and refined products alike are today moved by tankers, pipelines, barges, and trucks. In Europe, oil is often officially measured in metric tons; in Japan, in kiloliters. But in the United States, Canada, Nigeria, and colloquially, throughout the world, the basic unit remains the “barrel,” though there is hardly an oil man today who has seen an old-fashioned crude oil barrel, except in a museum. When oil first started flowing out of the wells in western Pennsylvania in the 1860s, desperate oil men ransacked farmhouses, barns, cellars, stores, and trashyards for any kind of barrel—molasses, beer, whiskey, cider, turpentine, salt, fish, and whatever else was handy. But as coopers began to make barrels specially for the oil trade, one standard size emerged, and that size continues to be the norm to the present. It is 42 gallons. The number was borrowed from England, where a statute in 1482 under King Edward IV established 42 gallons as the standard size barrel for herring in order to end skullduggery and “divers deceits” in the the packing of fish. At the time, herring fishing was the biggest business in the North Sea. By 1866, seven years after Colonel Drake drilled his well, Pennsylvania producers confirmed the 42-gallon barrel as their standard, as opposed to, say, the 31½-gallon wine barrel or the 32-gallon London ale barrel or the 36-gallon London beer barrel. And that, in a roundabout way, brings us right back to the present day. For the 42-gallon barrel is still used as the standard measurement, even if not as a physical receptacle, in the biggest business in the Nigeria’s Niger Delta and in the North Sea—which today of course is not herring, but oil.

On January 10, 1870, five men, led by Rockefeller established the Standard Oil Company. The name was chosen to indicate a “standard quality of product” on which the consumer could depend. At the time, kerosene of widely varying quality was sold. If the kerosene contained too much flammable gasoline or naphtha, as sometimes happened, the purchaser’s attempt to light it could be his last act on this earth. Rockefeller held a quarter of the stock in the new company, which, at that time, already controlled a tenth of the American refining industry. But that was only the beginning. Many years later, Rockefeller would look back on the early days and muse: “Who would ever have thought it would grow to such a size?”

Newly constituted, and armed with more capital, Standard used its strength to pursue even more vigorously the railroad rebates that gave it further advantage against its competitors. But overall business conditions continued to deteriorate, and by 1871 the refining industry was in a complete panic. Profit margins were disappearing altogether, and most refiners were losing money. Even Rockefeller, though head of the

strongest company, was worried. By this time, he was a leading business figure in Cleveland, U.S.A, and a pillar of the Euclid Avenue Baptist Church. He had married Laura Celestia Spelman in 1864. In her High School graduation essay. “I Can Paddle My Own Canoe,” she had written, “The independence of woman in thought, deed, or will is one of the problems of the age.” While giving up her dream of paddling her own canoe upon marrying Rockefeller, she became his closest confidant, even reviewing his important business letters. Once in their bedroom, he had earnestly promised her that if he ever had fears about business, he would tell her first. Now, in 1872, in the midst of the refinery depression, he was sufficiently concerned to feel that he had to reassure her. “You know,” he said, “we are independently rich outside of investments in oil.”

Rockefeller had begun making small donations to his church as soon as he started earning money. That is the Baptist Church. As time went on, the donations swelled, and he devoted increasing efforts to giving away a significant part of the wealth he had accumulated. He applied to philanthropy the same kind of methodical investigation and careful consideration that he brought to business; eventually, his donations would extend through the sciences, medicine, and education. In the nineteenth century, however, much of his philanthropy was oriented to the Baptist Church, whose most powerful layman he had become.

At the end of the 1880s, he committed himself to the creation of a great Baptist University, and, in that cause, he provided its endowment, as well as the organizational focus, for the establishment of the University of Chicago. He continued to be by far its largest donor. Though, he paid keen attention to its development, he did not interfere in its academic workings, save to insist that it stay within its budget. He refused to allow any building to be named after him so long as he was alive, and visited the university only twice in its first ten years. What a great contrast with the others and the culture of “must be named after me” in Nigeria! Instant greatness!! The initial visit by Rockefeller to the University was in 1896, on its fifth anniversary. “I believe in the work,” he told university convocation. “It is the best investment I ever made in my life The good Lord gave me the money, and how could I withhold it from Chicago?” He listened as a group of students serenaded him:

John D. Rockefeller, wonderful man is he
Gives all his spare change to the U. of C.

By 1910, the “spare change” that Rockefeller had given to the university

added up to **\$35 million**, compared to **\$7 million** from all other sources. And, altogether, to all his causes, **he was to give a way some \$550 million.** He carried over **his habits of business to his private life.** These were the decades of the Gilded Age, when the “rubber barons” **made immense fortunes and created extravagant and riotous lifestyles.** His New York townhouse and his Pocantico estate were opulent indeed, but **Rockefeller and his family somehow stood apart from the garishness, ostentation, and vulgarity of the age.** He and his wife sought to inculcate their own values of probity into their children and so avoided having them ruined by inherited riches. Thus, the children would have only one tricycle among them so that they might learn to share. In New York City, young John D. Rockefeller, Jr., would be made to walk to and from school even as other children of the rich were carried back and forth in rigs, accompanied by grooms, and he earned pocket money working on his father’s estates for the same wages as the labourers. He gave his children **what they needed and not what they wanted.**

But then in 1909, in **the main antitrust suit**, the Federal Court found in favour of the government and ordered **the dissolution** of Standard Oil. Theodore Roosevelt, now out of office and on his way back from a big-game-hunting trip in Africa, heard the news while on the White Nile in Sudan. He was exultant. The decision, he said, “**was one of the most signal triumphs for decency which has been won in our country.**” For its part, Standard Oil wasted no time in appealing to the Supreme Court. Twice the case had to be reheard by the Supreme Court, owing to the deaths of two justices. Both industry and financial community waited nervously for the outcome. Finally, in May of 1911, at the end of a particularly tedious afternoon, a mumbling Chief Justice Edward White said, “**I have also to announce the opinion of the Court in No. 398, the United States** against the **Standard Oil Company.**” The stuffy, somnolent, oppressively hot courtroom suddenly came to life, straining to hear. Senators and Congressmen rushed over to the Chamber. For the next **forty-nine minutes** Chief Justice White spoke, but often so inaudibly that the Justice to his immediate left had to lean over several times and suggest he raise his voice so that his momentous words could actually be heard. The Chief Justice introduced a new principle—that the judicial evaluation of restraint of trade under the Sherman Act should be based upon the “rule of reason.” That is, “restraint” would be subject to penalty only **if it was unreasonable and worked against the public interest.** And, in this case, it obviously did. “**No disinterested mind,**” the Chief Justice declared, “**can survey the period in question [since 1870] without being irresistibly drawn to the conclusion that very genius for commercial development and**

organization... soon begat an intent and purpose to exclude others ... from their right to trade and thus accomplish the mastery which was the end in view.” The Justices upheld the **Federal Court** decision. **Standard Oil would be dissolved.**

At **26 Broadway in New York**, the directors had gloomily gathered in the office of **William Rockefeller** to await the verdict. Little was said as the minutes went by. **Archbold**, his face taut, bent over the ticker, scanning for some word. When the news came, **everybody was shocked. No one had been prepared for the devastating extent of the Supreme Court’s decision; Standard was given six months to dissolve itself.** “Our plan” was to be shattered by judicial fiat. There was dead silence. **Archbold** started to whistle a little tune, just as he had done many years earlier when, as a boy, he had waded through the deep mud of Titusville to buy and bargain for oil. Now, he walked over to the mantel. “**Well, gentlemen,**” he said after a moment’s further consideration, “**life’s just one damn thing after another.**” **In the aftermath** of the decision, the directors of **Standard** faced an immediate and momentous question. It was one thing for a **Court to order a dissolution. But how exactly was this vast, interconnected empire to be broken up? The scale was simply enormous.** The company transported **more than four-fifths** of all oil produced in **Pennsylvania, Ohio, and Indiana.** It refined **more than three-fourths** of all United States crude oil; it owned **more than half** of all tank cars; it marketed **more than four-fifths** of all domestic kerosene and was responsible for **more than four-fifths** of all kerosene exported; it sold to the railroads **more than nine-tenths** of all their lubricating oils. It also sold a vast array of by-products—including **300 million candles** of seven hundred different types. It even **deployed its own navy**—seventy-eight steamers and nineteen sailing vessels. **How was all this to be dismembered?** There was only silence from **26 Broadway** and the rumours were many. **Finally, in late July of 1911,** the company announced **its plans for dismantling itself.**

Standard Oil was divided into several separate entities. The largest of them was the former holding company, **Standard Oil of New Jersey**, with almost half of the total net value; it eventually became **Exxon—and never lost its lead till today.** Next largest, with **9 percent** of net value, was **Standard Oil of New York, which ultimately became Mobil.** There was **Standard Oil (California), which eventually became Chevron;** **Standard Oil of Ohio, which became Sohio and then the American arm of BP;** **Standard Oil of Indiana, which became Amoco;** **Continental Oil, which became Conoco;** and **Atlantic,** which became part of **ARCO** and then eventually of **Sun.** “**We even had to send out some office boys to head**

these companies.” One Standard official sourly commented. These new entities, though separated and with no overlapping boards of management, nonetheless generally respected one another’s markets and carried on their old commercial relationships. Each had rapidly growing demand in its own territory, and competition among them was slow to develop. That lassitude was reinforced by one legal oversight in the breakup. Apparently, no one at 26 Broadway had given any thought to the ownership of trademarks and brand names. So all the new companies started out selling under the same old brand names—Polarine, Perfection Oil, Red Crown gasoline. That fact greatly limited the ability of one company to encroach on another’s territory. **Welcome, the Seven Sisters!!**

Public opinion and the American political system had forced competition back into the transportation, refining, and marketing of oil. But, if the dragon was dead, the rewards of dismemberment were to prove considerable. The world had been changing too fast for Standard Oil; its system of controls had become too rigid—especially for the men in the field. With dissolution, they would have the opportunity to run their own shows. “the young fellows were given the chance for which they had been chafing,” recalled the man who was to become head of **Standard of Indiana.** For executives of the various successor companies, it was a great liberation no longer to have to petition **26 Broadway for approval of every capital expenditure over five thousand dollars—or any hospital donation over fifty dollars.**

Among **the other consequences of the dissolution** was the unexpected liberation of technological innovation from the rigid and controlling grip of **26 Broadway. Standard of Indiana, in particular, moved quickly with a breakthrough in refining to help support the still-infant auto industry at a critical moment, and thus to preserve what would become oil’s most important market in the United States.**

Noam Chomsky, that great American, who was recently described by the “New York Times” as “arguably the most important intellectual alive” explained as follows in his book: “Imperial Ambitions” how Oil and Gas were used in the game of nations:

“Even if you look at the famous Marshall Plan, that’s pretty much what it was. It’s talked about now as an act of unimaginable benevolence. But whose benevolence? The benevolence of the U.S. taxpayer. Of the \$13 billion of Marshall Plan aid, about \$2 billion went right to the U.S. oil companies. That was part of the effort to shift Europe from a coal-based to

an oil-based economy, and to make European countries more dependent on the United States. Europe had plenty of coal. It didn't have oil. So there's two of the thirteen billion. If you look at the rest of the aid, very little of the money left the United States. It just moved from one pocket to another. The Marshall Plan aid to France just about covered the costs of the French effort to reconquer Indochina. So the U.S. taxpayer wasn't re-building France. They were paying the French to buy American weapons to crush the Indo-Chinese. And they were paying Holland to crush the independence movement in Indonesia.” (Emphasis mine).

Sir Henry Wotton is one of the founders of modern British diplomacy. He was active in the service of Britain in the late sixteenth and early seventeenth centuries. He was typical of his age and class; writer, politician, scientist, intelligence agent, poet and diplomatist. On his way to Venice, he stayed a night with a friend called Christopher Fleckmore at Nuremberg. In Fleckmore's guest book Sir Henry wrote his famous dictum which continues to echo till today: “An ambassador is an honest man sent to lie abroad for the good of his country.”

It seems to me that it is better for a Statesman to be a realist. Washington, Moscow, Beijing, Tokyo and New Delhi will decide the fate of the world in the twenty-first century. They will apply the unsentimental vision of national interest. Lord Palmerston said in 1848 in the British House of Commons:

“We have no eternal allies and we have no perpetual enemies. Our interests are eternal and perpetual, and those interests it is our duty to follow.”

Africa? Where are you?

Noam Chomsky has access to Selig Harrison, *Turning Point in Korea* (Report of the Task Force on U.S. Korea Policy) Center for International Policy/The Center for East Asian Studies, University of Chicago, 1 March 2003). Noam Chomsky later commented in his “Imperial Ambitions”:

“The Northeast Asian region is the most dynamic economic region in the world. It includes two major industrial societies, Japan and South Korea, and China is increasingly becoming an industrial society. It has enormous resources. Siberia has all kinds of resources, including oil. Together, the countries in Northeast Asia have close to a third of the world's gross domestic product, way more than the United States, and about half of global foreign exchange. The region has enormous financial

resources. And it's growing very fast, much faster than any other region including the United States. Its trade is increasing internally and it's connecting to the Southeast Asian countries, sometimes called ASEAN Plus Three: the countries in the Association of South East Asian nations plus China, Japan, and South Korea. Some of the pipelines being built from the resource centers to the industrial centers would naturally go to South Korea, which means right through North Korea. If the Trans-Siberian railway is extended, as is surely planned, it will probably follow the same route through North Korea to South Korea. So North Korea is in a fairly strategic position with regard to this area."

In the history of great calculations, and sometimes by accident, no other business other than oil and gas so starkly define the meaning of risk and reward as well as the profound impact of chance and fate. Though the modern history of oil begins in the later half of the 19th century, it is the 20th century that has been completely transformed by the advent of Petroleum. Three great themes, in particular, dominate the story of oil and gas: The **first** is the rise and development of capitalism and modern business. Oil is the world's biggest and most pervasive business, the greatest of the great industries in the last decades of the 19th century. Of the top twenty companies in the Fortune 500, **seven are oil companies. Oil is almost like money.** The **second** is that oil commodity intimately intertwined with national strategies, global politics and power. The battlefields of the First World War established the importance of petroleum as an element of national power. Petroleum was central to the course and outcome of the Second World War in both Europe and in the Far East. The **third** is how **ours** has become a "**Hydrocarbon Society**". Just see the number of motor vehicles and motor cycles on the Nigerian roads and the number of generators in our offices, homes and factories all over Nigeria!

Yet, oil has also proved that it can be **fool's gold. Oil has given Nigeria growth without development, and worse still, destroys that badly needed virtue—morals.** The Shah of Iran was granted his most fervent wish - oil wealth, and it destroyed him. Oil built up Mexico's economy, only to undermine it. The Soviet Union —the world's second-largest exporter—squandered its enormous oil earnings in the 1970s and 1980s in a military buildup and a series of useless and, in some cases, disastrous international adventures. And the United States, once the world's largest producer and still its largest consumer, must import half of its oil supply, weakening its overall strategic position and adding greatly to an already burdensome trade deficit—a precarious position for a great power! Nigeria — a

leading producer and exporter of oil and gas, imports refined petroleum products thus ensuring that a large size of our petro-dollars are spent on imported vehicles and imported refined petroleum products.

Japan's Mitsubishi Tokyo UFJ Financial Group is the World's largest publicly traded Mega Bank with \$1.7 trillion in assets. Yet, Japan has no Oil and Gas and no natural resources. But Japan can boast of the best human value in the World, that is about ninety-nine per cent. Nigeria can boast of less than five per cent of the needed human value!

Financial Times, Tuesday, February 21, 2006 at page 12:

“Dubai is the most dynamic of the glittering city-states that run down the east of the Arabian Peninsula. It long ago decided to invest its (relatively modest) endowment of oil in other ways of making a living. So far, it has done very well. By creating excellent airport infrastructure and Emirates, one of the world's best and most profitable airlines, it seeded not just a regional but international air transport, transshipment and tourism hub. It has also become a regional financial and services centre. Oil revenue now amounts to only 7 per cent of Dubai's income, although it benefits from its federal ties with oil-flush Abu Dhabi.

It excites a bit of derision by seeming to want the biggest of everything: the largest man-made island, the highest tower (the planned 3,000 feet-plus Bur Dubai), the richest horse-racing prize or the biggest airliners' order. Yet its diversification strategy is increasingly admired and copied in a region that desperately needs to create jobs.”

Few years ago, Dubai was by far more backward than Black Africa!

St. Petersburg was the capital of the vast **Russian empire**. It was so far north that, in the winter, it has only six hours of daylight. Among the promising market for the **“new light”** was the **Russian empire**. As early as 1862, **American kerosene reached Russia and it quickly won acceptance and kerosene replacing tallow. This had negative implications for Rockefeller's global plans.**

For **many centuries, oil seepages** had been noted in the **Caucasus Mountains** projecting into the **landlocked Caspian Sea**. In the **13th Century**, the famous **Marco Polo** reported that he heard of a **spring around Baku** that produced **OIL** and was **“good to burn”**. **Baku** was the territory of the **“eternal pillar of fire”** worshipped. Those pillars were the result of **flammable gas**, associated with petroleum deposits escaping from the fissures in porous limestone. **Baku** was part of the **Russian empire** annexed only in the early **19th century**. By then a **primitive oil industry had begun**

to develop and by **1829**, there were **eighty-two** hand dug petroleum pits. But the output was small.

The development of the industry was severely restricted both by the region's backwardness and its remoteness and by the **corrupt, heavy-handed, and incompetent Czarist administration**, which ran the **minuscule oil industry** as a state monopoly. Finally, at the beginning of the **1870s**, the Russian government **abolished the monopoly system** and opened the area to competitive private enterprise. **The result was an explosion of entrepreneurship.** The **days of hand-dug oil pits were over.** The **first wells** were drilled in **1871-72**; and by **1873**, more than twenty small refineries were at work. **Shortly after, a chemist named Robert Nobel** arrived in **Baku.** He was the **eldest son of Immanuel Nobel**, a clever **Swedish Inventor** who had emigrated in **1837 to Russia**, where the military establishment excitedly took up his invention of the **underwater mine.** **Immanuel** built up a considerable industrial company, only to have it fail when the **Russian government** made one of its periodic swings from domestic to foreign procurement. One son, **Ludwig**, built upon the ruins of his father's business **a new company, a great armaments concern**; he also developed the "**Nobel wheel**," which was uniquely suited to the wretched **Russian roads.** Another son, **Alfred**, gifted in both **chemistry and finance**, and picking up on a suggestion **from his tutor** in **St. Petersburg** about **nitroglycerine**, **created a worldwide dynamite empire**, which he ran from **Paris.** But the eldest son, Robert, had no such good fortune; he was unsuccessful in a variety of businesses, and finally returned to **St. Petersburg** to work grudgingly for **Ludwig.**

Ludwig obtained a **huge contract to manufacture rifles** for the **Russian Government.** He needed **wood for the rifle stocks**, and in the quest for a domestic supply, he dispatched **Robert South** to the **Caucasus** to search for **Russian walnut.** In **March 1873**, **Robert's journey took him to Baku.** Though a great polyglot trading emporium between **East and West**, **Baku** was still very much a part of **Asia** with the **minarets and the old mosque of the Persian shahs**, and with its population of **Tatars, Persians, and Armenians.** But the recent oil development had begun to bring great change; and **Robert**, immediately on his arrival in **Baku**, was caught up in the fever. Without consulting his brother — after all, **he was the eldest and, therefore, held certain prerogatives**—**Robert took the twenty-five thousand rubles that Ludwig had entrusted to him for buying wood**—the "**walnut money**"—and instead bought a small refinery. The Nobels were in the oil business.

I owe these sources, among others, to:

- (a) **Baku an Eventful History (London: Archibald Constable & Co 1905)**
- (b) **Crude Oil Production in the Russian empire 1818 – 1919 by W. J. Kelly and Tsures Kano.**

With the arrival of the **Rothschilds** on the petroleum scene, the **Nobels** were faced with a major competitor. The **Standard Oil** cannot afford to ignore the **Russian Oil industry**. **The Rothschilds were the most famous Jews in the World**. The prolific **Baku fields** continued to throw up **new petroleum Fountains** and ever more oil. But there had been one dramatic change in the **Russian Oil Industry**. While **Ludwig Nobel's patience and determination** did **not abate in the face of the never-ending obstacles**, physically, he was worn out. **In 1888 at the age of fifty-seven, the Oil King of Baku died of a heart attack while vacationing on the French Riviera.**

Some of the European newspapers confused the Nobel brothers and instead reported the death of Alfred. Reading his own premature obituaries, Alfred was distressed to find himself condemned as a munitions maker, the “dynamite king,” a merchant of death who had made a huge fortune by finding new ways to maim and kill. He brooded over these obituaries and their condemnations, and eventually rewrote his will, leaving his money for the establishment of the prizes that would perpetuate his name in a way that would seem to honour the best in human endeavour.

The **Rothschilds in Paris** knew a shipping broker in London named **Fred Lane**, who watched out for their oil interests there, and they shared their problem with him. Though always a backstage figure, **Lane** was to be one of the important oil pioneers. He was a **big, burly** man of **great intelligence** and with a talent for making friends and mediating interests. **He was willing to back up his friendships and business alliances, which were usually one and the same, with his own capital.**

A “**go-between per excellence,**” he was eventually to be known as “**Shady Lane,**” **not** because he was crooked, for he was not, but because he sometimes appeared to be representing so many different interested parties simultaneously in a transaction that it was hard to know for whom he was really working. **Lane** was truly an expert in shipping; **and now he had a solution to offer the Rothschilds.** For he, in turn, knew a certain merchant of rising prominence, **Marcus Samuel. He put the Rothschilds in touch with Samuel.** The result would be an audacious scheme that might not only solve the problem of Russian oil, but also take the form of a veritable worldwide coup that, if successful, would loosen the iron grip of Rockefeller and Standard Oil on the kerosene trade of the world.

By the end of the **1880s**, **Marcus Samuel** had already gained some **prominence in the City of London**. It was no mean achievement for a **Jew—and a Jew** not from one of the old **Sephardic families**, but from the **East End of London**, a descendant of immigrants who had come to **Britain** in **1750** from **Holland and Bavaria**. **Samuel** had the same name as his father, **Marcus Samuel**, most unusual for a professing Jew. The elder **Marcus Samuel** had begun his own business career trading on the **East London docks**, buying curios from returning sailors. In the census of **1851**, he was listed as a “**shell merchant**”; among his most popular products were the little knickknack boxes covered with **seashells**, known as a “**Gift from Brighton**,” which were sold to girls and young ladies at **English** seaside resorts in the **mid-Victorian years**. By the **1860s**, the elder **Marcus** had accumulated some wealth and, in addition to **seashells**, was importing everything from ostrich feathers and partridge canes to bags of pepper and slabs of tin. He was also exporting an expanding list of manufactures, including the first mechanical looms sent to Japan. In addition, in what was to prove of great importance to his son, **the elder Samuel had built up a network of trusted relationships with some of the great British trading houses—run mainly by expatriate Scots—in Calcutta, Singapore, Bangkok, Manila, Hong Kong, and other parts of the Far East.**

The younger **Marcus** was born in **1853**. And in **1869**, at age sixteen, after some schooling in **Brussels** and **Paris**, he went to work on his father’s ledgers. At that very moment in **America**, **John Rockefeller**, fourteen years older than **Samuel**, was about to begin his decade-long campaign to consolidate the oil industry. Throughout the entire world, new technology was radically transforming trading and international commerce. In **1869**, **the Suez Canal was opened**, knocking four thousand miles off the journey to the **Far East**. Steamships were taking over from sail. In **1870**, the direct telegraph cable from **England to Bombay** was completed, and shortly after, **Japan China, Singapore, and Australia** were all brought into the telegraph network. For the first time, the world was knitted together by global communications through the telegraph wire. Swift information now eliminated the months of waiting and suspense. Shipping was no longer a speculative venture, and explicit deals could be made in advance. These were all tools that the younger **Marcus Samuel** would use to build his **wealth. Africa and the Africans?** Where are you? You are endowed with everything and all that are needed for greatness. What then is the problem? Answer? **The right, selfless, educated, determined, incorruptible and patriotic leadership that leads a nation and not a country.** The fault is therefore not in our stars, but in ourselves. “**War;**” said **Herodotus**, “**is the father of all things.**” **Poverty too is the father of all things. It is bad luck to be born in Africa south of the Sahara.**

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