

## OIL EXPLORATION IN COLONIAL NIGERIA

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Thirty years ago Anthony Hopkins called on Africanists to return to the study of imperial business history "both as an extension of business history in Europe and North America and as a necessary complement to the 'new' political history of colonial Africa"<sup>1</sup> that was then underway. This paper is written in the spirit of Hopkins' call, albeit rather late in the day, and aims to address the rather limited coverage of the history of oil exploration in colonial Nigeria in the oil historiography of this country.

The pre-1950s search for oil is a largely neglected period in Nigerian oil history with no article nor book devoted exclusively to the topic. The most extensive treatment of the theme is in a short chapter by Carland who focused exclusively on the relationship between the Nigeria Bitumen Corporation and the Colonial Office between 1906 and 1914. For Carland the search for oil in the colony starts with a letter written by John Simon Bergheim, the chairman of the company, to the Colonial Office on 1 November 1906.<sup>2</sup> By that time, however, the company had already been active in Southern Nigeria for nearly a year. Much confusion seems to surround this company which Frynas describes a "Nigerian subsidiary of a German company".<sup>3</sup> He is not alone in mislabelling the Nigeria Bitumen Corporation a German company,<sup>4</sup> but he is the only one to construct an argument around the uniqueness of British governmental financial assistance to this

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<sup>1</sup> A.G. Hopkins, "Imperial business in Africa. Part 1: Sources", *Journal of African History*, 17, 1 (1976), p. 30.

<sup>2</sup> John M. Carland, *The Colonial Office and Nigeria, 1898-1914* (Basingstoke: Macmillan, 1985), p. 187.

<sup>3</sup> Jędrzej Georg Frynas, *Oil in Nigeria: conflict and litigation between oil companies and village communities* (Hamburg: Lit Verlag, 2000), p. 9.

<sup>4</sup> See for example S.R. Pearson, *Petroleum and the Nigerian economy* (Stanford: Stanford University Press, 1970), p. 15; Toyin Falola and Ann Genova, *The politics of the global oil industry: an introduction* (Westport: Praeger, 2005), p. 199.

assumed foreign company.<sup>5</sup> Lack of research into the period also resulted in this period being presented as one completely dominated by the Nigeria Bitumen Corporation thereby leaving out the existence and activities of the company's contemporary and competitor, the British Colonial Petroleum Company.

While most oil histories at the very least mention the Nigeria Bitumen Corporation in passing, almost all ignore the very brief period following the First World War when two oil companies showed interest in Nigeria's oil possibilities.<sup>6</sup> Though this period is unremarkable in many ways, one of the two companies, the D'Arcy Oil Exploration Company returns to Nigeria in the 1930s to start the third and final phase in the search for oil in colonial Nigeria. This third phase eventually leads to the discovery of oil of commercial quantities in 1956 and the commencement of commercial oil production and exportation in 1958. Because this period is the cornerstone of the current Nigerian oil industry, the historiography on this period is more extensive than the earlier periods, though coverage of the pre-1950s still tends to be limited to a quick discussion of the original exploration concession granted to Shell-BP in 1937. Some authors, such as Schätzl, completely ignore all pre-1937 oil exploration activities, preferring instead to present the history of Nigerian oil as a continuous process since 1937, with the exception of the World War Two period.<sup>7</sup> This is a rather skewed view of the history of the search for oil in colonial Nigeria. Much rather, like many other parts of the world, the search for oil in this country took place in a number of phases (in the case of Nigeria three), and was fraught with optimism and extreme disappointment when the expected oil deposits were not found. What follows then is a history of that process.

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<sup>5</sup> Frynas, *Oil in Nigeria*, p. 9, footnote 5.

<sup>6</sup> Frynas is the exception and he mentions this in a footnote. *Ibid.*, footnote 6. See also R.W. Ferrier, *The history of the British Petroleum Company 1: The developing years 1901-1932* (Cambridge: Cambridge University Press, 1982), pp. 543-544.

<sup>7</sup> L.H. Schätzl, *Petroleum in Nigeria* (Ibadan: Oxford University Press, 1969), p. 1. It is curious that Schätzl ignored the earlier periods because he produced a very comprehensive book on the Nigerian oil industry.

The formal extension of British control over Nigeria from the late nineteenth century onwards ensured that attention was directed at the oil possibilities of the colonies and protectorate in the new wave of global oil exploration activities that started at the turn of the twentieth century. Jones points out that during this phase many British oil investors became associated with entrepreneurship and were closely involved in exploring the oil possibilities of many regions, including the British empire. These entrepreneurs were often involved in small oil companies that number in excess of 500 by 1912. These smaller companies were also those hit hardest when the money markets became reluctant to fund oil activities after the mixed fortunes of British investments in the Russian oil industry became evident by the end of the first decade. This would force many small companies, as well as the larger ones, to actively work towards securing assistance from the British government for their oil-related activities.<sup>8</sup> It was within this context and on the initiative of a few small oil companies that the search for oil in Nigeria started in the early years of the twentieth century.

The development of the Nigerian oil industry trace its origins back to two companies, Nigeria Properties (Limited) and the Nigeria and West African Development Syndicate (Limited) who started exploring for bitumen, coal and petroleum in 1903. Their two concessions covered a territory of 400 square miles in the Lekki Lagoon region of Southern Nigeria. Geological investigations by Bernard A. Collins (1903-4, and 1904-5) and A.H. Harrison (1904-5) confirmed the existence of vast bitumen deposits as well as the possibility of petroleum. They reported on their findings noting that

"Notwithstanding the shallow depth at which the deposits occur and the tropical heat of the territory, the bituminous deposits so far located are in a plastic condition; this seems to show that there is still a flow of liquid from the original source, and gives the expectation that oil exists in considerable quantity."<sup>9</sup>

Both the bitumen and the possibility of oil interested the British businessman, John Simon Bergheim, who had extensive interests in the European oil industry, in particular in Bavaria and Rumania, and who was also involved in the manufacturing of oil-drilling

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<sup>8</sup> Geoffrey Jones, *The state and the emergence of the British oil industry* (Basingstoke: Macmillan, 1981), pp. 47-48, 62-63.

<sup>9</sup> *The Times*, 8 November 1905, p. 15a.

tools.<sup>10</sup> Bergheim founded the Nigeria Bitumen Corporation in November 1905 with the aim to acquire and work the aforementioned exploration concessions of Nigeria Properties, and the Nigeria and West African Development Syndicate. Contrary to the belief that Nigeria Bitumen was a German company, it was indeed a British registered company and its shares were traded on the stock exchange in London. Though the board of the new company was very excited about the oil possibilities of their Nigerian concessions, they were still cautious and stated that

"[they] intend to take the necessary steps, at the proper time, to prove the existence or otherwise of such oil deposits, but the main object of the corporation at present is to develop the bitumen deposits."<sup>11</sup>

Under the guidance of their manager Mr. Frank Drader, a practical oil operator, the Nigeria Bitumen's operations quickly shifted its focus from bitumen to oil. To this end the company acquired the property and concession of the Northern Nigeria Exploration Syndicate (Limited) that was situated adjacent to that of the Nigeria Bitumen Corporation in November 1906. The company was still actively exploiting bitumen and Bergheim reported to the board in November 1906 that 500 tonnes of bitumen had been transported to Britain. The company, however, was still at that stage looking for a buyer and a market for their bitumen.<sup>12</sup> Bergheim has also by this time entered into lengthy discussions with the Admiralty and the Colonial Office in an attempt to secure governmental financial assistance.<sup>13</sup> By doing so, the Nigeria Bitumen Corporation acted like the typical British oil company who all actively courted the Admiralty in order to secure from them the right to pre-emption and for active government involvement in their companies. After protracted negotiations the government finally approved a £25,000 loan at the end of 1907 and the first instalment was paid in February 1908.<sup>14</sup> Bergheim's success in securing

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<sup>10</sup> *The Times*, 11 December 1912, p. 9, Bergheim's obituary.

<sup>11</sup> *The Times*, 8 November 1905, p. 15a.

<sup>12</sup> *The Times*, 28 May 1906, p. 16a; 31 October 1906, p. 14c; 2 November 1906, p. 11e; 14 November 1906, p. 3c.

<sup>13</sup> National Archives (London, hereafter NA), CO 520/38/31399: The Secretary, Admiralty – The Under Secretary of State, Colonial Office, 24 August 1906 (letter no CP 12337/06); J.S. Bergheim – Admiral Inglefield, Admiralty, 25 August 1906 (letter), The Secretary, Admiralty – The Under Secretary of State, Colonial Office, 14 December 1906 (letter no C.P. 19933).

<sup>14</sup> Carland, *The Colonial Office and Nigeria*, pp. 191-192; NA, CO 520/69: Crown Agents – The Under Secretary of State, Colonial Office, 7 February 1908 (letter no Sec.S.Nigeria 31); Crown Agents – The Under Secretary of State,

the loan, where so many other oil companies had failed, was in no small part due to the fact that the Southern Nigeria governor, Sir Walter Egerton, believed that his colony would only develop with the financial assistance of the government.

Between 1908 and 1912 Nigeria Bitumen drilled about fifteen wells in their Lekki Lagoon concession under the supervision of a Mr Van Sickle.<sup>15</sup> Oil was struck in November 1908 and by September 1909 Bergheim informed the Colonial Office that the company was producing oil at a rate of 2,000 barrels per day.<sup>16</sup> The company did not succeed in exploiting their find profitably and struggled especially with water intrusion. Their Makum well, for example, yielded oil of good quality but they did not have the necessary equipment to separate the water that flowed continuously into the well.<sup>17</sup> By July 1912 Nigeria Bitumen had only enough capital to continue their operations for another six months. Bergheim consequently appealed to the Colonial Office for another loan that would allow the company to drill in deep strata with their newly acquired Parker Rotary drill.<sup>18</sup> Bergheim died in an automobile accident shortly thereafter in December 1912 and with his death ended the close relationship between the company and the Colonial Office.<sup>19</sup> Despite the support of the Admiralty, Nigeria Bitumen had to inform their shareholders in June 1913 that the Southern Nigeria government had "decided not to grant any further financial assistance to the company or to accept the company's offer to continue drilling operations on behalf of the Colony."<sup>20</sup> By the end of 1913 Nigeria Bitumen had ceased all operations in Nigeria and the company was liquidated in 1914.

Nigeria Bitumen was not the only company to explore for oil in Nigeria before 1914, although they were arguably more successful than their competitors. Colonial Office documentation lists that enquiries about oil exploration licences were received from the

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Colonial Office, 21 February 1908 (letter no Sec.S.Nigeria 31); Crown Agents – The Under Secretary of State, Colonial Office, 16 March 1908 (letter no Sec.S.Nigeria 31).

<sup>15</sup> British Petroleum Archives (Coventry, England, hereafter BPA), BP 44063: Confidential letter from the Petroleum Department, 12 November 1936.

<sup>16</sup> Nigerian National Archives, Enugu Branch (hereafter NNAE), CSE 8/4/59-CSO368/09: Mr Crewe-Sir W. Egerton, Governor of Nigeria, 30 August 1909 (letter); Carland, *The Colonial Office and Nigeria*, p. 193; *The Times*, 11 December 1908, p. 16f.

<sup>17</sup> BPA, BP 44063: Confidential letter from the Petroleum Department, 12 November 1936.

<sup>18</sup> Carland, *The Colonial Office and Nigeria*, pp. 193-195.

<sup>19</sup> *The Times*, 11 December 1912, p. 9.

<sup>20</sup> *The Times*, 24 June 1913, p. 17c.

British Colonial Petroleum Corporation (Limited), a Captain Barnett and Rosewarne (Limited).<sup>21</sup> Of the three parties, only the British Colonial Petroleum Corporation proceeded in searching for oil in the colony. The company was incorporated in London in December 1908 with the "purpose (amongst other objects) of acquiring and working concessions and licences of and over mines, mineral properties and mining oil and other rights in any British Colony."<sup>22</sup> British Colonial Petroleum emerged out of the Nigerian Investment Company, who was granted an oil exploration licence over an area of 225 square miles in Southern Nigeria in January 1906. The Nigerian Investment Company started exploratory and development work in their concession in October 1906, under the supervision of Bernard A. Collins. In this process thirteen shallow boreholes, with an average depth of 100 ft., were sunk in order to prove that the oil line was satisfactory. In each case the drill passed through or finished in oil sand.<sup>23</sup> Collins reported that

"The low dip of the bedding, and the impervious character of the shale, lead me to believe that not only oil will be found at comparatively shallow depths, but that it will be accompanied by gas...I am now satisfied that the oil will be found by deep boring, that the bitumen can be mined in unlimited quantities and of a high grade, and that the most important point now to be decided is that of outlet towards a shipping post."<sup>24</sup>

In October 1906 the directors of the Nigerian Investment Company decided that a larger company had to be formed to work the oil deposits should the geological surveys prove their existence. It was against this background that the Nigerian Investment Company created British Colonial Petroleum in 1906, and this company was eventually floated in December 1908. The new company paid the Nigerian Investment Company £125,000 for the concession and all their equipment (£100,000 in fully-paid shares in the new corporation, and £25,000 either in cash or in fully-paid shares).<sup>25</sup> This made the Nigerian Investment Company the majority shareholder of British Colonial Petroleum. Both the board of the new corporation and the financial arrangements illustrated the close relations between many small oil companies, in particular those with West African interests, very

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<sup>21</sup> NAAE, CSE 8/4/59-CSO368/09: Mr Crewe-Sir W. Egerton, Governor of Nigeria, 30 August 1909 (letter).

<sup>22</sup> NA, BT 31/17953/91326: Memorandum of Association of the British Colonial Petroleum Corporation Limited, 20 December 1906.

<sup>23</sup> *The Times*, 1 January 1907, p. 13d; 26 August 1907, p. 15f.

<sup>24</sup> *The Times*, 12 December 1908, p. 16a.

<sup>25</sup> *Ibid.*

clearly. Its chairman was Henry Higgens who was also chairman of the Nigeria Investment Company while George Wellington Statham, a director of the Nigeria Investment Company, was appointed a director. Statham along with the former chairman of the Nigeria Investment Company were also on the board of the Société Française de Pétrole, Limited (incorporated in London in February 1907 to explore in the Tano Lagoon region in the Ivory Coast) which company was chaired by Bergheim of the Nigeria Bitumen Corporation. The Nigerian Investment Company, in turn, held a considerable share in the Société Française de Pétrole, as it did in concessions in the Gold Coast. According to its chairman, H.J. Brown, the Nigerian Investment Company had in 1907 a shareholding in every company that explored for oil and bitumen in West Africa. In many of these companies they cooperated, in one way or another, with the Nigeria Bitumen Corporation.<sup>26</sup> The latter also became involved in the newly incorporated British Colonial Petroleum Corporation through a financial and operational agreement with the Nigerian Investment Company. In terms of this agreement Nigeria Bitumen agreed to subscribe or obtain subscribers for 10,000 shares of £1 each in return for a commission of 2,000 fully paid shares in British Colonial Petroleum. In addition, in return for 10 per cent of the net profits of the new company and the option for two year to buy 30,000 shares at par, Nigeria Bitumen would "act as agents and managers for the new company's property in Nigeria for a minimum period of two years".<sup>27</sup>

British Colonial Petroleum was given a cash capital of £35,000 to explore for oil in their concession that was situated on the Rofutoro and Lafagbo rivers in the Benin district. Under the direction of their oil engineer, a Mr D.P. Brown, the company explored unsuccessfully for oil for four years. In their last operating year in Nigeria, 1913, the company spend almost £20,000 before ceasing operations in the colony.<sup>28</sup> By 1916 the company focused exclusively on their Rumania concession in a joint venture with Shinx

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<sup>26</sup> *Ibid.*; *The Times*, 1 January 1907, p. 13d; 18 February 1907, p. 13a.

<sup>27</sup> *The Times*, 23 October 1907, p. 15f.

<sup>28</sup> NA, BT 31/17953/91326: The British Colonial Petroleum Corporation Balance sheet, 30<sup>th</sup> November 1913.

Petroleum Company (Limited). In 1924 the Company went into voluntary liquidation and was finally wound-up in 1930.<sup>29</sup>

Even though Nigeria Bitumen never managed to set up commercial oil operations in Nigeria, their chairman, Bergheim, made a lasting contribution to the colonial oil industry through his involvement in the development of oil legislation. From the start Bergheim maintained that the general mining legislation was not adequate in regulating the oil industry. Consequently he lobbied the Colonial Office and Southern Nigeria government for the development of oil regulations. Modelled mostly on the Trinidad oil mining law, the only region in the colonial empire that produced oil at the time, the Southern Nigeria Mining Regulation (Oil) Ordinance of 1907 was drafted by Frederick Butler and Charles Strachey, clerks in the Nigeria Department in the Colonial Office, and an unnamed governmental legal advisor. It took two drafts before the committee produced an oil mining law that was acceptable to Bergheim, who was mainly concerned with obtaining better terms and conditions for his company as a pioneer explorer against those oil companies that would follow in the wake of an oil discovery.<sup>30</sup>

In line with general British oil policy that determined from 1904 onwards that oil exploration concessions should only be granted in the British empire to companies registered in Britain or its colonies,<sup>31</sup> the 1907 Ordinance also made the search for oil in Nigeria a British monopoly. Section 15 of the Ordinance specified that

"No licence or lease shall be granted under the provisions of this Ordinance to any firm, syndicate, or company, which shall not at all times be and remain a British company, registered in Great Britain, or in a British colony, and having its principle place of business within His Majesty's dominions, and the chairman of the said company and all the remaining directors shall at all times be British subjects, and the company shall not at

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<sup>29</sup> NA, BT 31/17953/91326: The British Colonial Petroleum Corporation Balance sheet, 31<sup>st</sup> July 1916; Special resolution of the Extraordinary General Meeting of the Members of the British Colonial Petroleum Corporation Limited, 5 May 1924.

<sup>30</sup> NNAE, CSE 8/1/41 – CSO 318/06: Nigeria Bitumen Corporation – The Governor, Southern Nigeria, December 1906 (letter); NA, The Secretary, The Admiralty – The Under Secretary of State, Colonial Office, 26 October 1906 (letter no CP 13574/06 and enclosure); Carland, *The Colonial Office and Nigeria*, p. 189-190.

<sup>31</sup> B.S. McBeth, *British oil policy 1919-1939* (London: Frank Cass, 1985), p. 1.

any time be or become a corporation directly or indirectly controlled by foreigners or foreign corporations."<sup>32</sup>

This principle was retained in the 1914, 1925, 1950 and 1958 amendments to the Mineral Oils Ordinance, though in these versions it was specified that the director, the chairman and the majority of other directors be British subjects.<sup>33</sup> By 1914 the newly amalgamated Nigeria possessed an adequate and fairly standard oil mining law, but no commercial corporation was actively searching for oil in the colony. The Nigerian Geological Survey, on the other hand, continued to search for oil along with other commercially exploitable resources. During the course of their work in 1913 they found traces of oil at Abagama, 13 miles east of Onitsha and in the Awkwa district.<sup>34</sup>

The D'Arcy Exploration Corporation and the Whitehall Petroleum Corporation briefly revived commercial interest in the colony's oil possibilities between 1918 and 1923. The D'Arcy Exploration Corporation, a wholly owned subsidiary of the Anglo-Persian Oil Company (renamed Anglo-Persian Oil Company in 1935 and again in 1954 to the British Petroleum Company), became interested in Nigeria in 1918 as part of a deliberate attempt by the company to extend their interests beyond Persia. According to Ferrier, the chairman of Anglo-Persian, Sir Walter Greenway, was determined to develop his company in such a way that it could compete with Royal Dutch/Shell and Standard Oil. The massive expansion of the company's concessionary interests formed an integral part of Greenway's plans and these interests took the company to areas such as Kuwait, Colombia, Venezuela, Papua, New Brunswick in Canada, the Gold Coast, Nigeria, Borneo and Timor. Ferrier calls the concessionary interests during the period "comprehensive in scope rather than discerning in choice".<sup>35</sup> Indeed, in many regions Anglo-Persian relinquished their concessions in the 1920s, mainly because of unsatisfactory geological evidence, but also because of unacceptable terms and conditions imposed by host governments. After John Cadman (Greenway's successor as

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<sup>32</sup> Edwin Arney Speed (ed.), *Laws of the Colony of Southern Nigeria being the schedule to the Statute Laws Revision Ordinance, 1908*, Vol. II (London: Stevens and Sons, 1908), p. 1367.

<sup>33</sup> Donald Kingdom, *The laws of Nigeria containing the ordinances of Nigeria in force on the 1<sup>st</sup> day of January, 1923*, Vol. I (Lagos: Government Printer, 1923), p. 967; Donald Kingdom, *The laws of the Federation of Nigeria and Lagos in force on the 1<sup>st</sup> day of June 1958*, Vol. IV (Lagos: Federal Government Printer, 1958), p. 2422.

<sup>34</sup> BPA, BP 44063: Confidential letter from the Petroleum Department, 12 November 1936.

<sup>35</sup> Ferrier, *The history of the British Petroleum Company* 1, p. 543.

chairman in 1927) formed the fields, refinery and geological department in 1922, the company became more discerning in choosing its concessions around the globe and now had the necessary geological expertise at hand to make more informed decisions.<sup>36</sup>

It is within this context that Greenway approached the Crown Agents and the Nigerian colonial government on behalf of the D'Arcy Exploration Company in January 1918 with the view "of obtaining a licence to explore for petroleum and for bituminous clays and/or other clays or shales capable of yielding products of petroleum on distillation".<sup>37</sup> Showing sensitivity to the needs of the Admiralty, Fred G. Watson from D'Arcy pointed out in his correspondence with the Crown Agents that the company would have no objections to provide oil that conformed to the latest Admiralty specifications.<sup>38</sup> The company also offered to buy the plant formerly owned by the Nigeria Bitumen Corporation from the colonial government, either at valuation or in shares of any company that may be formed in the colony following the discovery of commercially viable oil resources (£25,000 in £1 shares).<sup>39</sup>

D'Arcy's exploration licence was granted after protracted negotiations on 28 February 1921 and covered an area "extending from the Boundary with Dahomey on the West to the Niger River from the Akassa Mouth on the East, with a depth from the sea of 50 miles".<sup>40</sup> D'Arcy's choice of concession area was directly influenced by Nigeria Bitumen's oil discoveries in previous years and they obtained detailed information on their concession from Mr Van Sickle who headed Nigeria Bitumen's drilling operations.<sup>41</sup> Limited documentary evidence was found of D'Arcy oil exploration activities in the consulted sources. In March 1922 the Secretary of the Southern Provinces informed the Residents of this territory to expect two men from D'Arcy who would be visiting various

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<sup>36</sup> *Ibid.*, pp. 540, 543-544.

<sup>37</sup> BPA, BP 72275: C. Greenway, Chairman, D'Arcy Exploration Company – Secretary of the Governor General of Southern Nigeria, 3 January 1918 (letter no FGW/DE).

<sup>38</sup> BPA, BP 71179: F.G. Watson, D'Arcy Exploration Company – Crown Agents for the Colonies, 9 December 1919 (letter no FGW/DE).

<sup>39</sup> BPA, BP 71179: F.G. Watson, D'Arcy Exploration Company – Crown Agents for the Colonies, 10 April 1918 (letter no FGW/DE).

<sup>40</sup> BPA, BP 72275: Licence to explore for oil: Deal between the Governor and Commander-in-Chief of the Colony and Protectorate of Nigeria and the D'Arcy Exploration Company, Ltd, 28 February 1921.

<sup>41</sup> BPA, BP 44063: Confidential letter from the Petroleum Department, 12 November 1936.

regions in the Southern Provinces to explore for oil. The company also contacted Dr Falconer, the Director of the Geological Survey, in 1923 to request that he undertake geological investigations on behalf of the company. This request came too late during the dry season to allow for geological work during 1923.<sup>42</sup> According to Ferrier actual exploration work was undertaken in Nigeria, although the nature of the work is never specified. D'Arcy spent £1,290 exploring for oil in their Nigerian concession.<sup>43</sup> Beyond 1923 no reference is made to D'Arcy and it is therefore assumed that they allowed their exploration licence to lapse when it came up for renewal in February 1924. Whether this action was influenced by the views of the well-known British geologist, E.H. Cunningham Craig's Advisor's Opinion in November 1922 is open to debate. Craig declared to the Chief Geologist that "the report [on Southern Nigeria] adds nothing to what I knew in 1906. It is not worth spending another cent on the Concession".<sup>44</sup>

By that time the Whitehall Petroleum Corporation had also given up all hope of finding oil of commercial quantities in Nigeria. Whitehall became interested in Nigeria in 1920 and approached the Crown Agents about an oil exploration licence on 8 June. The Whitehall representatives, which included Lord Murray of Elibank, was interested in a coastal concession and was granted an exploration concession on 13 June 1921. Their concession covered the territory situated as follows:

"Eastern boundary of the British sphere of the Cameroons on the East to the Niger River from the Akassa Mouth on the West and from the sea on the South to the Seventh degree of North Latitude on the North."<sup>45</sup>

Whitehall's geological party, headed by a Mr Burling, spend much of 1921 investigating the concession. After submitting their report, Whitehall's board decided to relinquish all

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<sup>42</sup> NNAE, CSE1/13/6 – B706/1921: F. Jenkins, Secretary, Southern Provinces – The Residents, S.P., Cameroons & Colony, 2 March 1922 (circular no B. 706/1921); F.G. Watson, D'Arcy Exploration Company – J.D. Falconer, Director, The Geological Department (Jos), 28 March 1923 (letter no GEO/DC/G NIG).

<sup>43</sup> Ferrier, *The history of the British Petroleum Company* 1, pp. 544, 549.

<sup>44</sup> BPA, BP 72275: Note from the Chief Geologists to Messrs. D'Arcy Exploration Co. Ltd, Southern Nigerian Concession: Advisors' Opinions, 23 November 1922 (Ref no GEO/DC/MAN).

<sup>45</sup> NNAE, ABADIST 13/5/87 – 114/21: Memorandum from C.T. Laurence, Acting Secretary, Southern Provinces – The Resident, Owerri Province, 10 October 1921 (Memorandum no B 906/1921); CSE 3/13/6 – B706/1921: Letter from the Crown Agents, 8 June 1920 (letter no Nigeria 830).

their rights under the concession in March 1922 because the conditions did not justify test drilling.<sup>46</sup>

After 1923 it was once again only the Geological Survey who was interested in searching for oil in Nigeria, which attempts were rewarded in 1928 when they discovered oil traces near Afikpo. The Imperial Institute found these "to be crude oil of high specific gravity".<sup>47</sup> This was followed in 1931 with an application for an oil exploration licence by a Major Seaborne Marks for an area covering about 30,000 square miles in Southern Nigeria. After the colonial government informed Marks of the conditions under which they were prepared to grant the concession, he opted not to pursue the application.<sup>48</sup>

According to Bamberg, the Anglo-Iranian Oil Company was less interested in pursuing concessionary interests outside the Middle East and South America in the 1930s than it was in the 1920s. In his view this was mainly due to the size of the Iranian oil deposits and the fact that there was excess productive capacity on a global level during the decade.<sup>49</sup> Yet, the D'Arcy Exploration Company revived their interest in Nigeria in the 1930s, especially after receiving a promising report from one of their geologists, Mr B.K.N. Wyllie in 1933. According to Wyllie the

"Niger Delta occupies part of a deep embayment in the old crystalline rocks which constituted most of West Africa. There are definite signs of former marine transgressions in this embayment. Young sedimentary rocks have been traced along the inner margin where crystalline rocks appear to have been attributed to the Tertiary Era, but it seems to me likely that the Upper Cretaceous transgression may also have left its mark here – as on the Gold Coast, in French Equatorial Africa and in Angola. A line of oil and bitumen seepages extends for some 50 miles westward from Siluko, at a distance of 2-3 miles from the outcrop of the crystalline rock."<sup>50</sup>

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<sup>46</sup> NNAE, CSE 3/13/6 – B706/1921: Secretary of the Southern Provinces – The Residents of Ogoja and Buea, 22 March 1921 (Telegram no 40); Chief Secretary to the Government – Secretary, Southern Provinces, 31 March 1922 (letter no 0662/133).

<sup>47</sup> NNAE, ONPROF 7/13/164 – OG 505/1926: R. Wilson, Director of Geological Survey, Nigeria – Chief Secretary, the Nigerian Government, 1 August 1928 (letter no 440/39).

<sup>48</sup> NA, CO 852/34/7: E. Melville – Secretary of State for the Colonies, 15 December 1936 (minute).

<sup>49</sup> J.H. Bamberg, *The history of the British Petroleum Company 2: The Anglo-Iranian years, 1928-1954* (Cambridge: Cambridge University Press, 1994), pp. 172-173.

<sup>50</sup> BPA, BP 44063: B.K.N. Wyllie – D'Arcy Exploration Company, 10 July 1933 (letter).

This and subsequent geological reports persuaded D'Arcy to return to Nigeria even though the company's geologists had to admit that most oil indications along the West Coast consisted of so-called dead oil (i.e. bituminous sands, viscous oil and pitch lakes).<sup>51</sup>

This time round D'Arcy did not go into Nigeria alone, but did so in partnership with Royal Dutch/Shell (hereafter Shell). It is unclear why D'Arcy opted for a joint venture with Shell since the matter was never raised in the consulted sources. By the mid-1930s Shell and Anglo-Iranian were already cooperating in marketing petroleum products in the Middle East and Africa through their equally owned Consolidated Petroleum Company (created in 1928). They also merged their British marketing subsidiaries in the early 1930s, and agreed on a joint venture in exploring for oil in New Zealand in 1938.<sup>52</sup> In the absence of documentary evidence a plausible answer as to why D'Arcy and Shell decided to cooperate in Nigeria in the 1930s might be found in the British control clause of the colony's Mineral Oils Ordinance which barred Shell from exploring for oil in the colony.<sup>53</sup> The plausibility of this answer is strengthened by correspondence between D'Arcy and the Colonial Office in which the latter advised D'Arcy to delay applying for an oil exploration licence until 1938. According to the Colonial Office the government was in the process of changing the model mining licences and leases to reflect announcements made in Parliament in June 1936 that foreigners and foreign controlled companies would be allowed to operate in the colonial empire from 1938 onwards. It was pointed out that, should D'Arcy choose to apply before these new regulations were in place, then the company would have to conform to the British control clause in existing mineral oil regulations.<sup>54</sup> At the end this clause was not removed from the Nigerian Mineral Oil Ordinance, which in turn created problems for the joint venture in the 1940s.

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<sup>51</sup> BPA, BP 44063: Memorandum on the oil prospects of Nigeria, The Hague, 7 July 1936; Note of the meeting held at Britannic House, 14 July 1936; G.M. Lees – Mr. Heam, 17 July 1936 (letter).

<sup>52</sup> Bamberg, *The history of the British Petroleum Company* 2, pp. 172, 184, 279.

<sup>53</sup> Royal Dutch/Shell was created in 1907 and consisted of two parent companies, the Dutch Koninklijke Nederlandsche Petroleum Maatschappij (Royal Dutch Petroleum Company) and the Shell Transport and Trading Company. The Dutch held a 60 per cent and the British a 40 per cent interest in Royal Dutch/Shell. E.T. Penrose, *The large international firm in developing countries: the international petroleum industry* (London: George Allen and Unwin, 1968), pp. 101-103.

<sup>54</sup> NA, CO 852/34/7: Economic Department – A.C. Hearn, Anglo-Iranian Oil Company, 22 August 1936 (letter).

On 10 August 1936 a joint application was submitted to the Colonial Office in the names of the Anglo-Iranian Oil Company and the Anglo-Saxon Petroleum Company (a wholly owned subsidiary of Royal Dutch/Shell group of companies) for exclusive permission to explore for oil over the whole of Nigeria, Kenya and Tanganyika. In Nigeria a complication arose in the form of Maj. Marks who resubmitted an oil exploration application in May 1936, covering much of the same territory than his original 1931 application did. After an interdepartmental meeting the Colonial Office decided to turn down Marks' application in favour of that from Anglo-Saxon/D'Arcy. Their main motivation was that they felt it more desirable from a strategic position that the exploitation of oil in West Africa be conducted by oil companies with adequate financial backing and who were perceived to have serious intentions to develop any oil resources that might be found during the exploration process.<sup>55</sup> In December 1936 the Colonial Office informed Anglo-Saxon/D'Arcy of their decision to grant the joint venture an exclusive exploration licence covering the whole mainland Nigeria.<sup>56</sup> The licence was issued in 1937 and in December 1937 the name Anglo-Saxon Petroleum Company was substituted with that of the Shell Overseas Exploration Company Limited on the official licence.<sup>57</sup>

Shell/D'Arcy started geological surveying in early 1937 under the direction of a Dr Irving, the head of their geological party, and a Dr Carr, a geophysicist. From their headquarters in Enugu, geological and geophysical surveys were carried out in Southern Nigeria around Enugu, Port Harcourt, the Nsukka-Okigwi-Afikpo escarpment, along the Niger and Cross rivers, and over Benin City and Forcados. Geological core drillings were also undertaken, starting near Uge Emme in June 1938.<sup>58</sup> By the end of 1939,

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<sup>55</sup> NA, CO 852/34/7: E. Melville – Secretary of State for the Colonies, 15 December 1936 (minute).

<sup>56</sup> NA, CO 852/34/7: G.E.J. Gent, Under Secretary of State, Colonial Office – the Anglo-Iranian Oil Company, 21 December 1936 (letter no 15024/7/36); The Anglo-Iranian Oil Company Limited and the Anglo-Saxon Petroleum Company – G.E.J. Gent, Under Secretary of State, Colonial Office, 31 December 1936 (letter).

<sup>57</sup> NA, CO 852/141/3: Anglo-Saxon Petroleum Company – Under Secretary of State, Colonial Office, 31 December 1937 (letter no 15024/9/38).

<sup>58</sup> NA, CO 852/34/7: The Anglo-Iranian Oil Company Limited and the Anglo-Saxon Petroleum Company – G.E.J. Gent, Under Secretary of State, Colonial Office, 31 December 1936 (letter); CO 852/141/3: Anglo-Saxon Petroleum Company – Under Secretary of State, Colonial Office, 11 February 1938 (letter no T); Anglo-Saxon Petroleum Company – Under Secretary of State, Colonial Office, 17 June 1938 (letter no T). See also NNAE, AIDIST 4/1/9 – C55: Anglo-Iranian Oil Company; and BP 44076: Programme of Geological and Geophysical Exploration in Nigeria, 28 December 1936.

Shell/D'Arcy had spent about £70,000 exploring for oil in Nigeria. The outbreak of the Second World War complicated matters and briefly resulted in an exchange of letters in October 1939 in which the companies debated whether or not to continue with their work in Nigeria. The Petroleum Department was eager for the work to continue despite the war, which settled to matter in the short term.<sup>59</sup> Geological, geophysical and topographical survey work were continued in 1940, costing the joint venture a total of £72,313.<sup>60</sup> By 1941, however, it no longer seemed feasible to continue with oil exploration in Nigeria, and in February 1941 the Colonial Office informed the companies that the Governor of Nigeria had agreed to the suspension of operations. The Governor also undertook not to allow any other company to explore for oil in Nigeria in the period that Shell/D'Arcy suspended their operations.<sup>61</sup>

During the war the only significant development in the Nigerian oil industry was changes made to the British control clause in Shell/D'Arcy's oil exploration licence, granted on 13 July 1943. This licence now made it possible for a foreign controlled company to explore for oil in Nigeria if at least two directors and the chief local representative were British citizens.<sup>62</sup> Unfortunately for Shell, the colonial government and Colonial Office opted to enforce Section 6(2) of the Mineral Oils Ordinance, which required the chairman, managing director, and the majority of other directors to be British subjects. In October 1948, Sir John McPherson, the Governor of Nigeria, informed the Secretary of State for the Colonies, Sir Arthur Creech-Jones, that the exploration licences of Shell/D'Arcy were *ultra vires* because the directorate of the Shell Overseas Exploration Company did not satisfy the regulations. By December 1938 the company still failed to comply with these requirements since their directorate consisted of two Britons, two Dutch men and a British chair. In January 1949, however, the company eventually managed to comply

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<sup>59</sup> BPA, BP 8241: F. Godber, Shell Overseas Exploration Company – F.C. Starling, Petroleum Department, 6 October 1939; F.C. Starling, Petroleum Department – F. Godber, Shell Overseas Exploration Company, 14 October 1939 (letter); J.E.J. Taylor, D'Arcy Exploration Company – Hon. T.G. Cochrane, 18 October 1939 (letter).

<sup>60</sup> BPA, BP 121887: D'Arcy Exploration Company, Limited, Summary of Drilling and Survey Expenditures to December 31<sup>st</sup> 1940.

<sup>61</sup> BPA, BP 60555: J.B. Williams, Under Secretary of State, Colonial Office – The Anglo-Saxon Petroleum Company, 14 February 1941 (letter no 18079/3/41).

<sup>62</sup> BPA, BP 60555: Oil Exploration Licence. Dated 13 July 1943 between A.W.G.H. Grantham, Officer Administering the Government and the D'Arcy Exploration Company Limited and the Shell Overseas Exploration Company Limited.

with the regulations after changes to their board, which allowed both the Governor and the Colonial Office to finally drop the matter.<sup>63</sup>

Shell/D'Arcy resumed their Nigerian operations only in 1946 owing to the difficulty of obtaining suitable staff and equipment in the immediate aftermath of the war.<sup>64</sup> Their initial exploratory work had showed that the most favourable oil-yielding structures lay in Eastern Nigeria, where they started work in 1946 in the Owerri, Okigwi and Umuahia regions. This round of exploratory work brought the joint venture into direct contact with the local population in a region that was already considered densely populated in the 1940s, and in which the nationalist movement had made strong headway.<sup>65</sup> Community reaction to the development of camps on Crown Land in Owerri and Okigwi was in general very negative. The Owerri camp also expanded very quickly and developed into the operational headquarters of Shell/D'Arcy and remained so until the headquarters were moved to Port Harcourt in 1961.<sup>66</sup>

The joint venture encountered great resistance from local inhabitants in Owerri, Okigwi and Umuahia when entering land to conduct surveys. The Mineral Oils Ordinance stipulated that local approval had to be obtained before surveying parties could enter private or communal lands. This was often not forthcoming with the District Officer for Owerri, for example, reporting in July 1949 that the local inhabitants emphatically refused to grant Shell/D'Arcy the permission to occupy some of their land in order to carry out survey work.<sup>67</sup> The Mbama Clan in the Okigwi district also apposed the intrusion into their lands and drew up a petition against Shell/D'Arcy stating that

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<sup>63</sup> NA, CO 852/982/4: Sir A. McPherson, Governor of Nigeria – A. Creech-Jones, Secretary of State for the Colonies, 22 October 1948 (letter no Nigeria No 257); Dr W.L.F. Nuttall, Ministry of Fuel and Power, Petroleum Division – R.H. Burt, Colonial Office, 6 December 1948 (letter no PD 424/5 Pt.2); CO 852/982/5: Sir A. McPherson, Governor of Nigeria – Secretary of State, 31 January 1949 (Saving no 233).

<sup>64</sup> BPA, BP 60555: T.G. Cochrane, Anglo-Saxon Petroleum Company – General Manager, The Shell Company of West Africa, Lagos, 6 June 1945 (Airletter no 4).

<sup>65</sup> NA, CO 852/982/5: Nigerian Secretariat – L.H. Gorsuch, 18 July 1949 (letter no 31766/Vol VI/160); Note of meeting held in S.718 at 3 p.m. on Friday, 12<sup>th</sup> August, 1949.

<sup>66</sup> Shell-BP Petroleum Development Company of Nigeria Limited, *The Shell-BP story* (Port Harcourt: CMSC, 1965), p. 3. See also NNAE, OKIDIST 9/1/268 – OW 7915: Shell D'Arcy Exploration Parties – Occupation of land-camp site (on Crown Land) at Okigwi and Owerri.

<sup>67</sup> NA, CO 852/982/5: W.L.F. Nuttall, Ministry of Fuel and Power, Petroleum Division – R.H. Burt, Colonial Office, 13 July 1939 (letter).

"In the full interest of our land, we donot [sic] want the Shell D'Arcy parties to enter or to explore our land nor to drill it. The land is ours and should not be tampered with by any party whether alien of aborigine."<sup>68</sup>

Shell/D'Arcy and the colonial government were quick to attribute much of the agitation to the Zikist movement in Eastern Nigeria in general and to Dr Nnamdi Azikiwe in particular. Azikiwe was accused of "always [being] ready to take up the cudgels in his newspaper on behalf of any cause, regardless of its merits, out of which he thinks political capital can be made."<sup>69</sup> Opposition to oil exploration and later to drilling continued well into the 1950s but these local communities were seldom successful in stopping oil-related activities in their traditional territories.

According to Jones, British colonial governments bargained with oil companies on terms equivalent to those enjoyed by the governments of Latin America and the Middle East in the 1950s. This, in his view, led to the raising of many issues such as state participation in oil development and resource conservation, well before they became standard issues in the 1960s.<sup>70</sup> Nigeria was no exception and in 1949 the Governor, McPherson, attempted to negotiate with Shell/D'Arcy on a number of issues which he considered crucial both to the future development of Nigeria and to obtaining popular support for oil developments. McPherson proposed four arrangements, namely

- "(1) The formation of a new local Company for the special purpose of developing Nigeria's oil resources.
- (2) Some system whereby the Nigerian Government would share in the profits earned by the Company.
- (3) Government to have the right to appoint one director to the Board of the Company.
- (4) The Nigerian public to have the opportunity of subscribing a certain proportion of the share capital of the Company."<sup>71</sup>

McPherson's proposals were very progressive for the time and was resisted by the joint venture on many grounds, but most importantly, because it would "constitute an undesirable precedent" which would complicate the negotiations between oil companies

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<sup>68</sup> NNAE, OKIDIST 9/1/268 – OW 7915: Petition from the Council Members of the Mbama Clan, Okigwi District, 29 August 1949.

<sup>69</sup> NA, CO 852/982/5: Nigerian Secretariat – L.H. Gorsuch, 18 July 1949 (letter no 31766/Vol VI/160).

<sup>70</sup> Jones, *The state and the emergence of the British oil industry*, pp. 85-86.

<sup>71</sup> NA, CO 852/982/5: Brief record of a discussion held at Government House, Lagos, on Thursday, 15<sup>th</sup> September, 1949.

and governments in other parts of the world.<sup>72</sup> Protracted negotiations could not convince Shell/D'Arcy to change their position, which forced the Executive Council of Nigeria to accept the joint venture's position on all four issues. For its members it was more important that the search for oil in Nigeria continued than trying to negotiate better terms and conditions for the Nigerian government.<sup>73</sup> Eventually the company did concede to forming a locally incorporated company which was called the Shell/D'Arcy Petroleum Development Company of Nigeria, Limited. The company was registered on 10 September 1951 in Lagos.<sup>74</sup> Shortly thereafter Shell/D'Arcy started with an indigenization process (which they called a regionalization process), which aimed at gradually training and incorporating Nigerians into the senior positions in the company. Reflecting the views of the time, the company opted to train only a few senior grade Nigerians for integration with their senior grade European staff. In their view this would allow the Europeans to gradually become accustomed to dealing with Africans on an equal basis, both socially and at work, while allowing the chosen few Nigerians the chance to get use to dealing with Europeans on a new social level.<sup>75</sup>

Shell/D'Arcy's concessionary area expanded directly after the war when their application to explore for oil in Nigeria's territorial waters was approved in 1949.<sup>76</sup> From 1951 onwards, however, their concessionary territory was gradually reduced. In 1951 the Company reduced their oil licence to an area in Southern Nigeria covering 58,000 square miles and stretching from the eastern border with Dahomey into the British Cameroons. This concession was further reduced to 23,600 square miles on 19 January 1955 and again to only 16,000 square miles on 19 January 1957. In this territory Shell/D'Arcy held

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<sup>72</sup> NA, CO 852/982/5: Note of meeting held in S.718 at 3 p.m. on Friday, 12<sup>th</sup> August, 1949; Shell Overseas Exploration Company – The Under Secretary of State, Colonial Office, 17 August 1949 (letter no P.D.2/B); Sir A. McPherson, Governor of Nigeria – Sir Henry Poyntok, Colonial Office, 25 October 1949 (letter).

<sup>73</sup> NA, CO 852/982/5: Sir A. McPherson, Governor of Nigeria – The Secretary of State for the Colonies, 14 December 1949 (Saving no 2957).

<sup>74</sup> BPA, BP 119293: Registration certificate of the Shell/D'Arcy Petroleum Development Company of Nigeria Limited, formed 10 September 1951 in Lagos. Though an important step at the time, the creation of the company in 1951 could also be viewed as merely an early step by Shell/D'Arcy to comply with those sections in the Mineral Oils Ordinance that required the formation of a locally incorporated oil company within five years of the commencement of oil exports.

<sup>75</sup> BPA, BP 52584: K.R. Henshaw, Some notes on the Administrative Departments of the Shell D'Arcy Petroleum Development Company of Nigeria, pp. 2-3 [1954?].

<sup>76</sup> BPA, BP 60555: F.W. Richards – F.W. Farrel, Ministry of Fuel and Power, Petroleum Division, 21 August 1946 (letter); NA, CO 852/982/4: Governor of Nigeria – A. Creech-Jones, Secretary of State for the Colonies, 22 October 1948.

twenty oil prospecting licences.<sup>77</sup> Shell/D'Arcy's exploration work allowed them to relinquish control over areas that they were confident held limited or no oil possibilities.

Between 1951 and 1957 the company gradually applied for oil prospecting licences that enabled them to commence with more detailed geological and geophysical investigations, to drill and to start with test production.<sup>78</sup> Their oil prospecting concessions were situated, *inter alia*, in the Orlu, Okigwi, Owerri and Bende Divisions of the Owerri Province, the Akwa, Awgu, Onitsha and Nkussa Divisions of the Onitsha Province, the Igala Division of the Kabba Province, Akata in the Uyo Province, and the Ashan and Asaba Divisions of the Benin Province.<sup>79</sup> In 1951 the company drilled their first deep exploration well at Ihuo, near Owerri, which turned out to be a dry well. Between 1951 and 1956 Shell/D'Arcy drilled eighteen exploration, appraisal and development wells. Oil and gas were discovered at Akata in the Uyo Province in 1953/54, but the oil resources were very limited at this source.<sup>80</sup> In January 1956 oil of commercial quantity and quality was finally discovered by Shell/D'Arcy at Oloibiri, situated 45 miles east of Port Harcourt. This was followed by the discovery of oil at Afam shortly thereafter (25 miles east of Port Harcourt). By 1958 Shell/D'Arcy has discovered oil in twelve areas of which Oloibiri, Afam and Bomu were the most promising. Oil production started at Oloibiri in early 1958 with 3,000 barrels per day, while the Afam field was also put into production in the same year.<sup>81</sup> The first shipment of Nigerian crude oil exports (8,500 tons) arrived at Rotterdam on 8 March 1958.<sup>82</sup>

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<sup>77</sup> Schätzl, *Petroleum in Nigeria*, p. 1; NA, CO 1029/255: A.C.F. Armstrong, Permanent Secretary, Ministry of Lands, Mines and Power, Lagos – J.M. Kisch, Colonial Office, 25 June 1957 (Secret letter no SMO 1347/7).

<sup>78</sup> Schätzl, *Petroleum in Nigeria*, pp. 7, 79.

<sup>79</sup> NNAE, ONDIST 12/1/1782 – OP 2662/2: Oil Prospecting Licence, 18 September 1951; Shell/D'Arcy Petroleum Development Company of Nigeria – Chief Secretary to the Government, Nigerian Secretariat, 15 May 1952 (letter no 31766/8.7/1); I.H. Cain, Shell/D'Arcy Petroleum Development Company of Nigeria – Acting Permanent Secretary, Ministry of Mines and Power, 30 September 1953 (letter no Wag.46/GMP.3631); Regional Land Officer, Eastern Region – The Resident, Onitsha Province, 27 October 1953 (letter no L.1524/45); Regional Land Officer, Eastern Region – The Resident, Onitsha Province, 6 February 1954 (letter no L.1524/52); NA, CO 1029/255: A.C.F. Armstrong, Permanent Secretary, Ministry of Lands, Mines and Power, Lagos – J.M. Kisch, Colonial Office, 25 June 1957 (Secret letter no SMO 1347/7).

<sup>80</sup> Schätzl, *Petroleum in Nigeria*, p. 14; S.J. Webb, "Nigeria as an oil producer", *New Commonwealth*, 38 (1960), p. 716.

<sup>81</sup> NA, CO 1029/255: Oil Prospecting in Nigeria, 1957 (memorandum); Shell-BP Petroleum Development Company of Nigeria Limited, *The Shell-BP story*, p. 3; National Economic Council, *Economic survey of Nigeria, 1959* (Lagos: The Federal Government Printer, 1959), p. 58.

<sup>82</sup> Shell Group Archives (London), Group History Series (2B/11): *Financial Times*, 10 March 1958 (cutting no DNS no 49/1958).

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The first shipment of Nigerian crude oil ushered in a new era in the Nigerian oil industry; one that would over time see this industry develop into the dominant sector of the Nigerian economy. As for Shell/D'Arcy, their successes in Nigeria ensured that the company quickly recovered their £40 million investment in exploring for oil in the colony between 1936 and 1958. Their successes also attracted the attention of other multinational oil companies, and even before the discovery of oil at Oloibiri the process of opening up the Nigerian oil industry to other competitors were well under way. This process started in 1955 when the first non-Shell/D'Arcy oil exploration licence was granted to the Mobil Exploration Company of Nigeria Limited (a locally incorporated subsidiary of the Socony-Mobil Oil Company). Mobil's concession covered most of Northern Nigeria, and the company very soon discovered why Shell/D'Arcy had relinquished their concession in this territory. By 1957 Mobil had relinquished most of the Northern Nigeria concession, apart from three small areas, and had applied for an exploration licence covering about 4,000 square miles in the Western Region.<sup>83</sup> The discovery of commercially viable oil deposits in Nigeria also coincided with the 1956 Suez Crisis which ensured multinational oil company interest in Nigeria because this country was perceived to be situated on the "right side" of the Suez Canal.<sup>84</sup> This increased multinational oil interest and involvement in the Nigerian oil industry belongs to the new era in the country's oil history which was ushered in on 8 March 1958; an era that has radically transformed this former British colony into a modern petro-state with all its associated problems and challenges.

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<sup>83</sup> NA, CO 1029/255: A.C.F. Armstrong, Permanent Secretary, Ministry of Lands, Mines and Power, Lagos – J.M. Kisch, Colonial Office, 25 June 1957 (Secret letter no SMO 1347/7); Oil Prospecting in Nigeria, 1957 (memorandum); J.M. Kisch, Colonial Office – A.C.F. Armstrong, Ministry of Lands, Mines and Power, Lagos, 4 July 1957 (letter no PMD 138/14/06); Schätzl, *Petroleum in Nigeria*, pp. 3-4.

<sup>84</sup> NA, CO 1029/255: A.C.F. Armstrong, Permanent Secretary, Ministry of Lands, Mines and Power, Lagos – J.M. Kisch, Colonial Office, 25 June 1957 (Secret letter no SMO 1347/7).