
Dr. AOY Raji¹
Dr TS Abejide²

¹,² Department of History & International Studies, Al-Hikmah University, Ilorin (Nigeria)

ABSTRACT
The attempt by Biafra to secede from the federation provoked the Nigerian Civil War that raged for almost three years. Oil was one of its major causes. Shell-BP was a British multinational company that had dominated the exploration process of the Nigerian oil industry since the 1950s. This study focuses on Shell BP’s dilemma in Nigeria during the civil war era (1967-1970). By using relevant primary and secondary sources, the paper explores the complexities that surround Shell-BP’s position either on the side of Federal government in Lagos through which it got its operating license or the Biafra government in the East that was desperate to secede from the federation. The paper further highlights the economic value of Shell-BP’s investment in oil exploration, its position during the civil war barely eleven years of oil production in eastern and mid-western Nigeria, problem of royalties’ payment in the face of dreadful threat to installations by Biafran troops, and the involvement of British government. The major findings of the paper show that despite Shell-BP’s claim of non-partisan ship, its exploration activities went on almost smoothly for the larger part of the war period. This feat could have been achieved by Shell-BP only with payment of adequate royalties to the federal government, and at the same time payment of certain undisclosed token to the Biafran leaders to avoid severe damage to its installations. This study contributes to the existing knowledge on oil and war, particularly the conflict of interests associated with oil companies, the government and other stakeholders. It also contends that it is difficult for any oil company to be completely non-partisan in the conduct of its business activities in a country like Nigeria. The paper concludes that the circumstances of war era compelled Shell-BP to adopt the strategy of constructive negotiation with the Biafran leaders without undermining the Federal Government.

Key words: Oil, Civil War, Dilemma, Biafra, Federal Government, Shell-BP

INTRODUCTION
The Shell D’Arcy Exploration Parties entry into the search for oil in the British colony of Nigeria as from the early 1940s marked a watershed in the history of oil and gas resources in the Niger Delta region. According to Steyn (2009), Shell D’Arcy’s exploration eventually resulted into
large commercial oil discovery in the country. Seismic survey started in the East and Enugu became the seat of the temporary headquarters for Shell/D’Arcy. The colonial government granted Shell D’Arcy about 15,000 miles² of the land along the coast of Lagos while the company also began oil exploration in places like Nsukka, Okigwi-Afikpo, Port-Harcourt, Benin City, Cross River and Forcardos (British Petroleum BP Archive, 18079/41). The concentration of the Shell/D’Arcy exploration in these centres was as a result of the earlier seismic survey of the Nigerian Bitumen Company that oil of large commercial quantities could be found in the eastern Delta, particularly as reported by the company’s geologist Wyllie in 1933. In the view of Falola and Ihonvbere (1987) and Agbonifo (1987:56-64), the concession of vast area by the British colonial authorities to the Shell/D’Arcy Exploration Company, can be attributed to the British monopoly of rights over oil mineral in the entire country, particularly as contained in the Mineral Ordinance of 1907 and 1914. Shell/D’Arcy Exploration Company which was originally a joint venture between the Dutch/British owned Royal Dutch Shell and D’Arcy eventually became British Petroleum (National Archive Ibadan, NAI, 91/11 & 93/13). The company thus had a monopoly of oil exploration in Nigeria up to the 1960s. The outbreak of the civil war in 1967 almost put a halt to Shell’s investment in the Eastern Nigeria and seriously brought the company into dilemma.

**Statement of Problem**

Most of the existing works on oil, Nigeria civil war and Biafra vis-à-vis Shell-BP tend to emphasize the political impact of the war on two warring parties, with no detail account offered on the dilemma most oil multinationals found themselves, particularly the economic value of their investment in Eastern Nigeria. This paper agrees with existing discussion that the Biafra rebels largely relied on oil of commercial quantity found on their land as underline factor for secession (Kirk-Greene, 1971; John, 1972, Josephine, 1974; Davies, 1973; Ikelegbe, 2006; Agbonifo, 1987; Aghalino, 2009), since palm oil, rubber and other cash crops were no longer in high demand in the international market. The fact that the economic value of Shell’s investment did put her at a cross-road is not in doubt. Again, that their business principle in Nigeria does not permit involvement in politics is also not doubtful. In a different perspectives, this paper contend that Shell-BP, its parent body Shell International and the British government feared that their investment worth £300 million at the time should not be jeopardized. The paper slots into this larger debate and emphasizes the fact that Shell-BP could not divest from local politics when such posed a serious threat to its business interest in Eastern Nigeria. It provides more confidential evidence to substantiate the central argument. Why did Shell-BP offer payment of a token payment to the Biafra rebels at all? Was Shell-BP or British Government willing to sacrifice their huge investment for peace and unity of Nigeria? Was Shell-BP apolitical in terms of business principle in a conflict zone?

**Shell D’Arcy’s Oil Exploration in the Eastern Delta up to 1967**

Shell D’Arcy started its geological reconnaissance in C.1940 toward the eastern and western regions of Nigeria. Although the exploration process was halted by World War II (1939-1945), Shell- BP struck its luck in January 1956, when oil of commercial quantity was discovered at
Oloibiri in the Ogbia District of Ijaw area at a total depth of 12,008 feet (Pearson, 1970:15; Owen, 1975: 1488). According to Allan (1994: 245) and Korvenoja, 1993: 140-153), this site was located at about 72km west of Port-Harcourt in the Niger Delta region. Shell-BP’s exploration activities leads to more oil discoveries at Afam, which was 40km east of the Port-Harcourt, and the Bomu and Ebubu (Ogoni) areas of the Niger Delta (Ikelegbe, 2006: 24; OPEC, 2000: 9; World Bank, 1995). The discovery of oil of commercial quantity by Shell-BP was a huge success both for the company and the colonial government in Nigeria. More importantly, the discovery had encouraged the development of petroleum sector in Nigeria, especially by the foreign multinational companies that became key players in the country’s upstream oil sector.

With the development of necessary infrastructural facilities for effective exploration and transportation of crude oil, Shell-BP was able to export over 8,500 tons of crude oil to Rotterdam by the 8th of March 1958 while the Oloibiri oil fields yielded a daily production average of 5,000 barrels of crude oil. According to Owen (1975, :1488), by 1959-60 Shell-BP had drilled an additional 37 wild cart wells that resulted in about nine oil wells, and three gas discoveries. The joint venture’s total production was four million barrels in 1960 from its four oil fields where the facilities were already installed. From the above discussion, we argue that the financial and human resources invested by Shell-BP before the discovery of oil, serves as an underline factor why the company cannot lose its investment during the out-break of Biafra war in the late-1960s. To Ntido (2009: 2) and Aghalino (2009: 2), crude oil production and marketing was not important export earnings in the country during the early part of 1960s. Evidence found that the non-completion of the Bonny oil flow terminal until 1965 impeded the processes and production of oil in large quantity to meeting the financial needs of the federal government. Government official report reveals that the fall in the prices of cash crop in the mid-1960s brought about the growing importance of crude oil production in the Nigerian economy (NAI, 1290/67).

Pearson, (1970: 2) asserts that:

> By the mid-1960s petroleum was a significant and growing social force. For the first time in its history in less developed areas, the production of petroleum had been superimposed on a diversified and growing economy, but one at that time by a political structure of demonstrably questionable viability

Nigeria oil became very important in Britain as an oil consumer, because of its low level of sulphur content which could also reduce atmospheric pollution. Britain perceived Nigeria oil as an alternative source of supply given the increasing insecurity in the Middle East during the mid-1960s. Therefore the quality of oil produced in Nigeria provided a ready market in the international arena in the late 1960s (PRO/OPD, 67/32). This equally informed the eventual growth in the Nigerian crude oil later in the early 1970s.

Another reason for the growing importance of Nigerian petroleum in the mid-1960s was linked with the price stability of crude oil in the world market. Schatzl (1969:152) has argued that because agricultural produce had sharp price fluctuations in the international market, crude oil maintained high price stabilization due to price check mechanism in the oil sector. For instance, Nigeria’s total crude for export in 1964 was 44 million barrels or 5.6million tons. The estimates
of oil produced in 1965 showed an upward growth of 11 million tons. About 10 million was produced by Shell-BP while the Nigerian Gulf oil in the mid-west offshore exploration produced 1 million tons (Correspondent, 1965:233-234). Given this level of growth, oil was expected to out-grow cash crop and coal production in Nigeria during the 1970s.

Welham (1982:21-26), former Managing Director, Shell Petroleum Development Co. (SPDC) has also argued that up till 1973, energy use rose up to 5 percent a year plus oil and gas still rising up bigger shares at the expense of coal that had been the fuel for Nigeria’s industrial growth. This significantly illustrated how international oil demand outweighed cash crop and coal. Oil was very convenient for transportation and had no competition from other energy sources.

**Table 1: Crude Oil Production in Nigeria December 1966**

<table>
<thead>
<tr>
<th>Oil field</th>
<th>Province</th>
<th>Ethnic Group</th>
<th>Average no of wells</th>
<th>Total production for Dec</th>
<th>% of total production</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Greater Port Harcourt Area</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Afam</td>
<td>Aba</td>
<td>Ibo</td>
<td>6</td>
<td>103,208</td>
<td></td>
</tr>
<tr>
<td>Afam Umuosi</td>
<td>Aba</td>
<td>Ibo</td>
<td>2</td>
<td>25,773</td>
<td></td>
</tr>
<tr>
<td>Agbada</td>
<td>Aba</td>
<td>Ibo</td>
<td>9</td>
<td>790,276</td>
<td></td>
</tr>
<tr>
<td>Apara</td>
<td>PH-Ahoada Division</td>
<td>Ibo</td>
<td>4</td>
<td>37,229</td>
<td></td>
</tr>
<tr>
<td>Imo River</td>
<td>Aba</td>
<td>Ibo</td>
<td>28</td>
<td>2,648,104</td>
<td></td>
</tr>
<tr>
<td>Isimiri</td>
<td>Aba</td>
<td>Ibo</td>
<td>8</td>
<td>271,072</td>
<td></td>
</tr>
<tr>
<td>Nkali</td>
<td>Aba</td>
<td>Ibo</td>
<td>4</td>
<td>316,490</td>
<td></td>
</tr>
<tr>
<td>Obagi</td>
<td>PH-Ahoada Division</td>
<td>Ibo</td>
<td>18</td>
<td>1,232,616</td>
<td></td>
</tr>
<tr>
<td>Obiggo-Nath</td>
<td>Aba</td>
<td>Ibo</td>
<td>10</td>
<td>1,039,325</td>
<td></td>
</tr>
<tr>
<td>Umuechem</td>
<td>PH-Ahoada Division</td>
<td>Ibo</td>
<td>10</td>
<td>884,385</td>
<td></td>
</tr>
<tr>
<td>Total Ibo Areas</td>
<td></td>
<td></td>
<td>93</td>
<td>7,348,988</td>
<td>46</td>
</tr>
<tr>
<td>B. Bomu</td>
<td>PH-Ogoni Div</td>
<td>Ogoni</td>
<td>26</td>
<td>2,336,939</td>
<td></td>
</tr>
<tr>
<td>Ebubu</td>
<td>PH-Ogoni Div</td>
<td>Ogoni</td>
<td>7</td>
<td>140,086</td>
<td></td>
</tr>
<tr>
<td>Korokoro</td>
<td>PH-Ogoni Div</td>
<td>Ogoni</td>
<td>6</td>
<td>657,069</td>
<td></td>
</tr>
<tr>
<td>Total Ogoni Areas</td>
<td></td>
<td></td>
<td>39</td>
<td>3,134,094</td>
<td>18</td>
</tr>
<tr>
<td>C. B. Oloibiri</td>
<td>Yenagoa</td>
<td>Ijaw</td>
<td>1</td>
<td>143,711</td>
<td></td>
</tr>
<tr>
<td>Total Eastern Nigeria</td>
<td></td>
<td></td>
<td>133</td>
<td>10,626,793</td>
<td>64.8</td>
</tr>
<tr>
<td>C. Greater Ughelli Area</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Major Factors for the Outbreak of Nigerian Civil War

Although, different views and debates on why the Federal government was determined to wage war against the Biafran Republic as from July 6 1967 have been widely expressed in academic circles, the concern in this paper is to highlight the major remote and immediate factors. The remote factor was linked with the policy of General Aguyi Ironsi after a bloody coup of January 29 1966 led by Major C. Nzeogwu. Tafawa Balewa the Prime minister among others was killed. Ironsi was accused by the northern elites for the introduction of a unitary system of government in place of the existing federal structure based on regionalism (Enda, 1999:513-534). Ironsi’s regime was also accused of his failure to punish the army officers who participated in the military coup of January 1966 that killed most northern politicians such as Sir Ahmadu Bello and few Ibos. On 28 July 1966, another counter-coup was led by a northerner Lt. Colonel Yakubu Gowon that deposed Ironsi and killed Ibo officers. Yakubu Gowon became the Head of State. Amidst the reactions from the Ibos in the east to the killings of their men, most northerners in the east were also killed in retaliation. About 30,000 Igbos were massacred in the north while millions fled back to their different regions. (Herbert, 1990 :9; Falola & Heaton, 2008).

The question perhaps is whether the above was enough ground for the Biafra secession of 30 May 1967? According to Nafizer (1972: 223-245) and Obododima (2000:74), the then Eastern

<table>
<thead>
<tr>
<th>Location</th>
<th>State</th>
<th>Tribe</th>
<th>No.</th>
<th>Production</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eriemu</td>
<td>Delta</td>
<td>Urhobo</td>
<td>2</td>
<td>39,641</td>
</tr>
<tr>
<td>Kokori</td>
<td>Delta</td>
<td>Urhobo</td>
<td>8</td>
<td>1,067,665</td>
</tr>
<tr>
<td>Olomoro</td>
<td>Delta</td>
<td>Urhobo</td>
<td>17</td>
<td>1,537,123</td>
</tr>
<tr>
<td>Oweh</td>
<td>Delta</td>
<td>Urhobo</td>
<td>4</td>
<td>470,004</td>
</tr>
<tr>
<td>Rumuekpe</td>
<td>Delta</td>
<td>Urhobo</td>
<td>1</td>
<td>688</td>
</tr>
<tr>
<td>Ughelli</td>
<td>Delta</td>
<td>Urhobo</td>
<td>8</td>
<td>16,043</td>
</tr>
<tr>
<td>Uzere-East</td>
<td>Delta</td>
<td>Isoko</td>
<td>8</td>
<td>386,362</td>
</tr>
<tr>
<td>Uzere-West</td>
<td>Delta</td>
<td>Isoko</td>
<td>10</td>
<td>848,721</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>50</td>
<td>4,568,243</td>
</tr>
<tr>
<td>D. Other Areas</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Okan</td>
<td>Delta</td>
<td>Offshore</td>
<td>20</td>
<td>1,551,553</td>
</tr>
<tr>
<td>Total Mid-west Nigeria</td>
<td></td>
<td></td>
<td>70</td>
<td>6,119796</td>
</tr>
<tr>
<td>Total for Nigeria</td>
<td></td>
<td></td>
<td>209</td>
<td>16,746,590</td>
</tr>
</tbody>
</table>

Source: Monthly Petroleum information published by Ministry of Mines and Power, Lagos, 1966. The table above shows the growing importance of crude oil in Nigerian economy vis-à-vis cash crop and coal production before civil war began in 1967. It is noted that Iboland had average number of 93 oil wells and produced 7,348, 988 barrels which represented 46 percent of total oil production from eastern Nigeria. About 2/3 of oil wealth was recorded in the East prior to the civil war. This has informed debates among scholars as to whether oil was an underlining factor for Biafran secession or a contributory one. As the paper slots itself into this discourse, the major factors for the outbreak of Biafran war, and the dilemma of Shell-BP will now be examined.
Region’s Military Governor, Col. Odumegwu Ojukwu, recognized Gowon’s regime as interim government since he was not the highest-ranking army officer, and on that ground, was to hold power until the military appoint the new Head of State. The Gowon administration also failed to comply with the Aburi (Ghana) Accord in Jan 1967. It was agreed that the East and other regions in the federal structure would be given more autonomy. The federal government instead created 12 states from the existing four regions and a federal capital territory on 27 May 1967. This action enraged the easterners who felt that their major industrial areas particularly Port-Harcourt and some oil producing communities in Iboland were being cut-off from the East-central state.

The need for Ojukwu’s Biafra Republic to exercise control over the rich oil resources in the Delta and Eastern Nigerian region was a major factor responsible for the secession and the Civil War of 1967-70. Taking oil revenue and opportunities into consideration, the eastern part of Nigeria seceded from the federation on 30 May 1967, and became a sovereign Republic of Biafra. It should be pointed out that the republic of Biafra was not given enough recognition by the world powers in order to become totally independent of Nigerian federation. Following this declaration, the federal government went into war against Biafra as from 6 July 1967.

Kirk-Greene (1971: 102-106), on the question whether the civil war occurred to determine the control of crude oil fields in the eastern Nigeria, asserts:

But above all this concern with recognition, troops, and economic sanctions, there loomed the matter of oil…, indeed, it may not be too fanciful a metaphor to say that while the tinderbox was that of the Nigeria-Biafra confrontation, the actual ignition was sparked off by the final response of international oil combines to the mounting pressure by both regimes to pay into their respective treasuries the royalties due in July.

This provides a strong evidence to the claim that though oil may not be a major cause of the civil war, it serves as a contributory factor for Igbo secession, particularly the subsequent action of its leader Ojukwu when he demanded payment of £7million as royalties from Shell-BP. Stanley (2007:356) contends that the Biafran authority was determined to respect existing oil concessions within its territory but was also prepared to refine and sell crude oil in the international market. In fairness, we must ask whether the decision to secede was based on oil of commercial quantity found in Iboland. Would the Igbos have seceded if oil was not found on their land? As Walter Schwarz (1966) observes, it is doubtful how the new republic would have survived economically at the time if oil which was becoming an important foreign exchange earning in Nigeria and replacing the sale of cocoa and palm oil in the international market was not found in the region.

Table 2: Sales of Crude oil in Nigeria during 1966

<table>
<thead>
<tr>
<th>Europe</th>
<th>% of Volume</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uk United Kingdom)</td>
<td>42.3</td>
<td></td>
</tr>
<tr>
<td>Germany</td>
<td>15.2</td>
<td></td>
</tr>
<tr>
<td>France</td>
<td>8.2</td>
<td></td>
</tr>
<tr>
<td>Holland</td>
<td>3.2</td>
<td></td>
</tr>
<tr>
<td>Sweden</td>
<td>2.1</td>
<td></td>
</tr>
<tr>
<td>Belgium</td>
<td>1.9</td>
<td></td>
</tr>
<tr>
<td>Norway</td>
<td>0.4</td>
<td>73.6%</td>
</tr>
</tbody>
</table>
South America

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>7.3</td>
</tr>
<tr>
<td>Uruguay</td>
<td>1.1</td>
</tr>
<tr>
<td>Brazil</td>
<td>0.6</td>
</tr>
</tbody>
</table>

Caribbean & North America

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>4.9</td>
</tr>
<tr>
<td>Curacao</td>
<td>1.9</td>
</tr>
<tr>
<td>West Indies</td>
<td>6.7</td>
</tr>
<tr>
<td>Puerto-Rico</td>
<td>0.2</td>
</tr>
<tr>
<td>Others</td>
<td>0.7%</td>
</tr>
</tbody>
</table>

Total Exports 91%

Local Sales to Refinery 9.0%

Total 100%

Source: BP (British Petroleum) Appendix V 1966

The above table illustrates the volume of crude oil exported to Europe and other parts of the world during 1966. It explains the beginning of the switch to oil as the most important source of foreign exchange earning in Nigeria, and shows that there was decline in the demand for cash crops in the international market (British Archive, 96531).

We argue that oil was a major factor for the dispute between the Federal government and Biafra, particularly the future expectations of oil production to reach 50 million tons by 1970 and up to 100 million tons by 1980 (Financial Times, 1967). At the outbreak of the civil war, 2/3 of the oil which Nigeria produced and exported came from the Eastern Iboland. The Biafran government was therefore determined to oppose any attempt by the federal military government to exercise control over these oil fields.

Ojukwu’s Demands and Shell-BP’s Dilemma

According to a report from the Ministry of Mines and Power, it was clear that prior to Biafra secession from the federation, in April 1967, the Eastern Regional government had decreed that all taxes arising from any operation in the east and payable to the federal agencies in the east, should be paid to the eastern government (PRO-POWE, 63/638). Lloyd Garrison reported outstanding half yearly royalties of £1 million payable to Lagos government (Financial Times, 1967). These revenues would be paid by the Anglo-Dutch Shell-BP company and Satrap, a French Oil Company. Initially, this decree was not specific whether oil revenue was part of it, until at a later date when it was amended shortly after the secession in July, 1967.

Guardian newspaper reports that Biafran government on 22 June 1967 informed all oil producing companies in eastern region to pay oil royalties to its territory rather than to Federal Government in Lagos. A fine of five thousand pounds (£5000) was set as penalty for failure of compliance by any oil company. Thus, we argue that oil was an underlining factor for Biafra’s secession bid, and the civil war that followed. This serves as the beginning of Shell-BP’s dilemma as Biafra threatened to attack the company’s oil installations in Enugu and Port-Harcourt.
As was the case with other parts of the Niger Delta, the outbreak of Nigerian civil war on 6 July 1967 partly put a halt to the production of oil in the eastern and in Ijaw western Delta as well as its hinterland Iboland. A British government’s confidential report revealed that the Oil industry can only function and prosper in the atmosphere of peace and political stability (PRO-POWE, 63/238). Prior to the civil war, Shell-BP was responsible for about 23million tons out of the 28 million tons total oil production. As a result of this, Shell-BP and other oil companies such as Nigeria Gulf (USA) and SAFRAP (French), were in a serious dilemma as a result of attacks on their oil installations from the secessionist in Eastern Nigeria. Shell-BP reportedly felt the hit on its installations and staff in Enugu station partly because of its reluctance to pay royalties and rent to Colonel Odumegwu Ojukwu, the Biafran leader rather than to the Federal Government in Lagos (PRO, 65/807). The Federal Government’s reaction through its Permanent Secretary, Ogbu warned major oil companies operating in Nigeria not to make any payment to a suspense account when the next payment becomes due in July 1967. Ogbu states that “Should the oil firms persist in following this course, the Nigerian Navy will be used to prevent the departure of any tanker” (Guardian, 1967). The Federal government was aware that while a blockade of oil tanker from lifting crude oil from the eastern region would interrupt normal trade, the government was ready to do its best to keep oil flowing and to protect oil companies from the punitive actions of Biafran troops. This illustrates Shell-BP’s struggle between two rival powers.

**Salient features of Shell-BP Dilemma**

Several reasons accounted for why Shell-BP was on a tight rope of neutrality in the battle between the federal government and Biafra. One salient factor was the Shell-BP joint venture in Nigeria. As at 1967, Shell and BP at the time operated on 50/50 agreement, but the operation and administration was managed by Shell (PRO-POWE, 63/238). Report shows that the company’s assets as investment in the country at the time when the war broke out was over £150 million, and its annual output of oil was 25 million tons from the total production of 30 million tons in Nigeria (PRO-POWE, 63/238). This explains Shell-BP’s halting between the two governments knowing quite well that the civil war could have greater consequences on its investment. It can also be argued that as a corporate organization with profit maximization as its main target, a millions of pounds worth of investment could not have been allowed to go down the drain as the company’s huge human and capital investment already committed to the oil exploration project from the 1940s up to the time when the war started had not yielded the expected profits.

Similarly, Britain could not afford to lose its oil investments in East and Western Delta regions of Nigeria. The nearness of Nigeria to Britain compared with the oil fields in the Middle-East constituted another salient factor for Shell-BP dilemma. Was Britain really interested in pursuit of war with the Nigerian government, or to protect its investments in Shell-BP by recognizing the new government under Ojukwu? Would Britain have acted otherwise as an arms merchant to the Nigerian government? Such reasons and other related issues brought Shell-BP and British government into serious dilemma on which side to be involved during the Nigerian civil war.

It is evident that the British involvement in the war was to protect their investment in Nigeria and if possible, ensure the country’s unity and corporate existence. The closure of the Suez Canal and
the Middle-East crisis at the time according to Morris (1973:223), put Nigeria or Biafra oil “supplies in a favorable position in the western markets, and the Arab denial of supplies to Britain and the United States makes Nigeria oil of potential importance” The British intention over the war and oil in Nigeria was very clear. In a confidential report from the British High Commissioner in Nigeria David Hunt to the Secretary of State for Commonwealth:

In principle the progress of hostilities does not directly concern British interests though we have an interest in preserving the unity of Nigeria and consequently, in as early as an end as possible to the civil war which shall leave as little bitterness as possible (PRO-POWE Ref TX 10/16).

The above explains the position of the British and why it was critical of Biafran course by not giving it necessary recognition as a pre-condition for sovereign immunity. Shell-BP found itself halting between two warring governments because it was worse hit by the rebels than other oil companies on one hand, and on the other, its agreement with the federal government as the constituted authority from which it obtained its original operating license and more concessions in Delta and Eastern parts were compelling reasons for Shell-BP to show loyalty to the Lagos government. The company also realized that out of the 4/5 of its oil production in the entire eastern region, about 2/3 of all Nigeria oil was produced and supplied from the region, particularly its refinery was located in the East. The company had suffered attack on its installations at Imo River, Bodo West and Nkali in Iboland where its major items of equipment were either removed or destroyed by the Biafra army (BP Archive, 125311).

In addition, many Shell-BP’s staff were of Ibo stock in their eastern stations. They constituted about 80% of the total work force in these oil fields. British Petroleum (BP Archive, 125311) report shows that the war destabilized and scattered many of them away for fear of being killed, and many even felt that it would be surprising if they were all permitted back to work in the East after the war. Shell-BP feared the fact that the company was responsible for over 300 overseas staff and huge assets with a book value that worth some £13 million apart from the operation of those assets that provided jobs for over 2,600 local people in Eastern Nigeria. As a result of this, Shell-BP found itself in a tight corner whether to make payment to Biafra or to stick to its initial agreement with the Federal government in Lagos. Shell-BP was also confronted with the possibility of the Federal government seeking assistance from the communist Russia (USSR) bloc which at the time had an economic orientation that was completely opposed to western economic and political ideology of capitalism. Evidence shows that the communist bloc had started to exert greater influence on the Trade Union Movement in the country. For example, the Trade Union leaders from East Germany had already paid Nigerian Trade Union Congress a well publicized visit (BP Archive, 125311). The then Soviet Union also did not want any foreign interference in the internal affairs of Nigeria, but was prepared to offer Soviet assistance to ensure Nigeria’s victory over Biafra. Nigerian Ambassador to Moscow G.J. Kurubu at a press conference on 2 January, 1968 was clear on this when he said that:
The Soviet Union came out openly and honestly on the side of the right, on the side of the Federal government… there is something commendable, something great and something honourable in this attitude (Stanley, 2007: 342).

As a result of these competing ideologies, Shell-BP was really at a cross-road either to pitch its tent with Biafra or on the side of the Federal government in Lagos. The British government made this emphatically clear in its confidential report that:

“…have told the Federal government that we will do our utmost to avoid contributing to any measure which will lead to the break-up of the country, at the same time, have declined to give an assurance that we would in no circumstances recognize a separate Eastern state” (PRO-POWE, 63/238).

Despite this assurance, the British added that:

“…while we genuinely sympathize with the Federal government, we cannot afford permanently to alienate the East with whom we may one day have to do business as an independent state whether we like it or not” (PRO-POWE, 63/238).

This illustrate the fact that just in case the Federal government failed to win the war, Biafra may be accorded with full recognition. This also questions the non-partisan politics of BP (British Petroleum) in terms of protecting its business interest. We can argue that the primary objective of the British government in Nigeria was to protect Shell-BP’s investment as well as to hold its economic ideology against the communist bloc.

Shell-BP Offer of Payment and Negotiation with Biafra

The urge by Shell-BP to protect its interest in Eastern Nigeria’s oil fields and at the same time not to sever its relationship with Federal government, maintained neutrality in civil war period. Nonetheless, Shell-BP also made token payment of royalties to the Biafran government. It may be plausible to ask that why was the offer made in the first instance? From the outset, Shell was embroiled in Ojukwu’s demands for direct payment of oil revenue to Biafra. Decision on offer of token was taken after wide consultation and careful consideration of the implication under international law and advice from Britain. A confidential letter from B.M. Davies to A.F. Dawn shows that at the time, Shell-BP being a commercial and non-political organization was willing to stick to its legal obligations during this difficult situation (BP Archive, 53169).

Shell-BP in a confidential report to London office declared its intention to pay a token to Biafra that: “we have been directed by Ojukwu to make token payment on 1 July for reason stated in letter… we have no option but to comply with his direction and have determined the token payment in the sum of £250,000” (BP Archive, 53393). Other speculation on the reason for Shell’s offer reveals that the decision came some 48hrs after the deadline set by Biafra for payment of royalty. Shell feared that its over 400 employees in Enugu and Port-Harcourt might be held hostage (The Time, 1969: 80).

S. Gray, the then SPDC Managing Director in a letter to the Biafran leader, Ojukwu, said that:

Excellency, I write to Your Excellency as a result of a conversation between Your Excellency and me on 29 June 1967… you referred to written demands between
19-24 June for payment to be made on 1 July and indicated that the decision to require payment on that date was firm and unchangeable (BP Archive, 53393). Gray’s words point to the fact that an offer of token payment actually placed the company in an extremely difficult situation, particularly when we consider the likely consequences of its failure to pay the amount to Biafra. One can argue that in order not to endanger its business interests and huge investments *Shell-BP* had no alternative but to comply with Biafra’s demand. A cursory look at Shell’s decision shows that at the time of this offer, its large oil wells in the East were already captured by Biafra. Another justification for the offer was that over 400 secessionist troops were positioned at the company’s Eastern complex, Port-Harcourt, which housed two major tanker ports in Eastern Nigeria. As John Price suggests, *Shell-BP* might have agreed to offer a token for the rebels by the presence of these troops (*The Times*, 1967:196). The Lagos government could not immediately dislodge Biafran troops positioned around Shell’s Eastern Complex in Port-Harcourt. As Biafran assault persisted, and the company seemingly desperate to protect its huge investments, the only viable option left was possibly to pay the token especially as such payment would save the company’s oil installations from outright destruction. Historians should provide answers on the legal implications of *Shell-BP*’s decision of offer of token payment to Biafra considering its existing relationship with the Federal government. The international law granted the company the most eminent legal position that assured them that payment made under duress was permitted, and that Nigeria would be committing an offence against the law if it penalized the company. A confidential letter from P.H. Moberly, London to L. Fielding, Paris, 16 June 1967, Shell had also informed Federal government that in the event of demand for payment by anyone other than the government, the money would be paid into suspense account, but where there was no agreement on how payment would be made, the matter would be referred to arbitration in the International Court of Justice (PRO-POWE, 63/238). Government’s response to payment made by Shell to Biafra was expressed thus: “…it is however regretted to note that in-spite of these constant reminders, the company found the excuse-in deliberate breach of the agreement to pay token sum to Mr Ojukwu” (PRO-POWE, 63/238). Shell was expected to make full payment to the Federal government and not any other authority as agreed on 25 April 1967. Based on the information of offer, a deliberate step was taken by the Federal government to protect her interest in the East, since Shell, due to the circumstances at hand, have been forced to comply with Ojukwu’s demands. Oil tankers were blockaded from lifting crude in Enugu to the Port. This shows that the company was caught in the middle of rivalry between two “warring powers”(Morris, 1973:30). Meanwhile, negotiation for payment of offer was deadlocked between Shell-BP and Biafra. In a cable message sent by *Shell-BP* to its parent company (*Shell International Petroleum Company SIPC*) in London (BP Archive, Cable No, TC 2663), there was delay in payment to the Biafra account, because Shell could only pay to the country having full control which was not the case with Biafra. This explains that the company had little it could do at resolving the payment crisis between the two governments. The payment of this token (£250,000) mechanically, proved very difficult. There was no reputable bank in Europe willing to accept the deposit of the money.
without the express permission of Lagos authority (Financial Times, 1967). As John Price (1972: 125) states, Biafra wanted the token deposited in Switzerland account but the British government refused the criteria for exchange control. Clearly, Shell-BP had not paid a penny since negotiation was still going on at that time. It also maintained neutrality between the two sides.

A direct consequence of the delay in payment was the takeover of all Shell’s installations in Port Harcourt by Biafra troops on 1 Aug 1967. Mcfadzean representative of Shell-BP, in a meeting with Ojukwu challenged what Biafra termed taking over ‘for protection’ of Shell’s property and installations, and harassment of their staff in Port-Harcourt (PRO-POWE, 23/638). Negotiation for payment was cancelled, as Shell was not ready to pay a penny to anyone. Following the company’s decision, Biafra troops disrupted oil exploration and also threatened Shell’s property worth £300 million. Biafran government also directed all Shell’s personnel to leave the East within 24 hours as negotiation for payment was deadlocked (Financial Times, 1967; Petroleum Intelligence Weekly Report, 1967). We argue that Biafra’s inability to cash the money in any foreign account shows its illegal status within and outside Nigeria. Contemporary observers differ on whether Shell actually made a token payment to Biafra. Some observers contend that it is very doubtful if nothing was paid to Biafra. Others question why and how would Ojukwu contest the war for 32 months? Again, some argue that would Biafra have protected Shell’s installations with no payment? These are contentions which are open for more debates.

**British Petroleum (BP) London Intervention at Resolving Shell’s Dilemma**

As earlier stated, the token was not paid by Shell-BP as requested by Biafra. This shows that Shell was not willing to jeopardize the already strained relationship with the Federal government despite the Biafran takeover of its installations in Port-Harcourt. In its political and economic review of the war and oil production, the company states that:

> But it would perhaps be ill-advised to place under value on good will so demonstrated, the allegations, could always be revived that when the chip were down our sympathy to Nigeria’s aspiration extended no further than international law demanded (BP Archive, 125311).

This shows that Shell’s business principle did not support any partisanship, but in such situation, their business interest was paramount. Shell-BP cannot totally divest itself from politics. Despite the directive from Enoli, Biafra’s spokesman, that royalty should be paid by Shell-BP in its own interest before 15 March 1968, it preferred to pay the £4.9 million to Lagos government (BP Archive, 125372, Letter No, 51250/3/25). This may be a necessary step aimed at restoring Shell’s reputation and relationship with Lagos government while on the other hand, may provoke Biafra into damaging their oil installations or sequestration (PRO-POWE, 63/234). We argue that Shell-BP was not contemplating any payment to Biafra despite its tight situation, although it believed either of the parties could win the war. The critical situation in which Shell-BP found itself informed the actions it took which indeed it considered justifiable under international law.

The parent company, British Petroleum, in a confidential circular, reported that:

> It is well recognized and established under international law that a company carrying out operation in an area which is subject to the effective control of the authority in that area
has no alternative but comply with such authorities directions and requirements, irrespective of the status of international recognition afforded to such authorities by other countries. In the different circumstances with which Shell-BP Nigeria found itself confronted, it has of course no alternative but to comply with the requirement of international law relating to such situation (BP Archive, 53393 TC, 20136/N).

As E.G. Norris’ letter of 5 May 1967 (PRO-POWE, 63/238) clearly states, the British colonial authority had always wanted peace and unity in Nigeria, particularly to protect their commercial interest in oil, and to secure Shell BP’s oil investment. Similarly, Hearten (2009:9) opines that the British intervention was also required on humanitarian ground, particularly as the senior partner in the Commonwealth. He states further that: “political complexities can apparently be ignored, but politicians are called upon to intervene in the name of humanity” (Hearten, 2009:9).

David Haunt also on why Shell BP must not consider pitching its tent with Ojukwu, states that:

I conclude, therefore that if the company (Shell BP) does change its mind and ask the British Government for advice the best that could be given is for it to clamber hastily back on the Lagos side of the fence with cheque book at the ready (PRO-POWE, 63/238, REF TX106).

David Hunt’s argument significantly illustrates the British government’s position on the dilemma of Shell-BP and the war vis-à-vis its oil interest, since oil companies can only operate well in the absence of political disturbances.

Furthermore, as the war raged, especially between September and October 1968, the Federal troops had taken over the large part of the Ibo territory, particularly Enugu and Port-Harcourt. At the time, the Federal government now retained most part of the oil fields which contained Shell-BP’s concessions. After taking much time to repair its oil installations damaged during the hostilities in 1967, Shell-BP resumed oil production by 1968. The presence of federal troops in Iboland as from 1968 showed genuine readiness by the Lagos government to protect Shell’s oil installations in the region. The company also secured more oil concessions over the Eastern and Mid-Western states of Nigeria aimed at increasing oil production (BP Archive, 53169; PRO/FCC, 65/807). According to Stanley (1969), and Abiodun, (1974: 254), this led to increase in the output of oil in 1968 and by the end of 1969, Shell BP had recorded production rate that passed 1 million barrels per day (bpd) estimated at 50 million tons per annum in Nigeria.

Biafra’s continuous attack on Shell’s installations in July 1969 prompted the company to contemplate shutting down its operation. By this period, the reality at hand was that Biafra had started to lose their military and economic portion as a result of the blockade, superior military force and penetration of the Federal army into Biafra’s heartland. Shell utilized this opportunity to expand its investment programme in the Eastern region with a budget of over £80 million. Oil production in Forcados rose to about 250,000 barrels as at July 1969, and continued to flow up to 330,000 barrels per day and was double that amount at the end of 1969 (BP Archive, 53169).

As a result of the Federal military tactics, a final attack was launched on Biafra camp that led to its collapse by 15 Jan 1970 (Ekwe-Ekwe, 1990; Falola & Heaton, 1990; Ajibola, 1978). This was
achieved due to internal and external support from Britain, France among others. The Federal
government had access to more superior arms than Biafra while the economic blockade and lack
of food supply, starvation and death of most Igbos all combined to force Biafran leaders to
Economic review of the impact of Biafra war on oil shows that crude oil began to play a very
vital role in the Nigerian economy as it became a source of foreign exchange earnings. It
accounted for up to 90 percent of government’s revenue and 22 percent of the gross domestic
over 1million barrels per day in Nigeria as at December 28, 1970. This shows a rapid increase in
oil production immediately civil war ended. It also signifies the speed at which the oil industry
expanded production in post-civil war era. Petroleum thus became an important natural resource
for the Federal government in order to accelerate growth and developmental pace of Nigeria.

**Conclusion**

This study has shown that there was huge financial and human resource investment by Shell-BP
in eastern Nigeria long before the civil war. At the outbreak of civil war in July 1967, the
corporate institution had not fully maximized much profits. Shell-BP’s dilemma
between the two warring governments of Biafra and the Federal government in Lagos can
therefore be justified to some extent, giving its huge investment in the eastern region. The British
government’s involvement on the side of the federal government against the rebels was very
clear and justified. Successful exploration can only be done in an atmosphere of peace, and thus
their joint venture relationship with Shell at the time proved very important.

The issue of whether the presence of oil in Biafra was contributory or major factor for secession
and the war was highlighted in this paper. Findings show that oil served as an underlying factor
why Biafra wanted a separate republic. The war occurred when crude oil began to provide
important foreign exchange earnings in place of cocoa, palm oil and ground-nuts in international
market. Would Biafra have demanded for a token payment from the oil companies if oil was not
involved? Clearly the Ibos would have never thought of secession at the time without oil. Shell’s
neutrality during the war was for fear of losing its investments in the East. Shell-BP’s dilemma
became more apparent when rebel forces occupied its oil bases and damaged its installations
while the Lagos government could not immediately mobilize forces to dislodge the rebels.
The illegal status and lack of recognition of Biafra largely favoured Shell-BP in dealing with its
dilemma. Apart from little support from Portugal, Czech Republic and China that supplied Biafra
with arms, Britain and other European countries regarded Biafra as an illegitimate state. Britain
deliberately blocked the payment of £250,000 made to the rebels in Switzerland in order to
protect its investment in the East and for the unity of Nigeria. The federal government on its side
did everything within its reach to protect Shell’s installations and the corporate entity of Nigeria.
Thus, it is always hard for any oil company to divest itself from politics. Shell’s business policy
of non-partisanship was merely on paper but not in practice, giving the level of its involvement
between Federal government and Biafra. Whatever might have been the token offered the Biafra
leader, Ojukwu, at the heat of the war was circumstantial and justifiable under international law.
At no point throughout the war period was Shell-BP compelled to disown the federal government or disregard the fulfillment of its statutory obligations. Both Shell-BP and the British government adopted the most feasible, practicable and diplomatic approach to manage the dilemma of a British multinational oil company in a war situation.

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