



HOUSE OF REPRESENTATIVES FEDERAL REPUBLIC OF NIGERIA

VOTES AND PROCEEDINGS

Wednesday, 2 February, 2005

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1. The House met at 4.30 p.m. Mr Speaker read Prayers.
 2. **Votes and Proceedings:**
Mr Speaker announced that he had examined and approved the Votes and Proceedings of Tuesday, 1 February, 2005.

By unanimous consent, the Votes and Proceedings was adopted.

3. **Controversy Over Award of Contract for Escravos Gas Project Escravos-Gas-to-Liquid:**

Motion made and Question proposed;

“The House Notes that:

The Federal Government has stepped up activities to actualise its optimal utilisation of Natural Gas for improved Economic and Environmental benefits.

Chevron Texaco and NNPC conceived the Escravos Gas Project (EGP) to gather Associated Gas from producing fields of Okan and Mefa and from six other offshore and swamp fields of Chevron operations in the Niger Delta.

Chevron owns 75% and NNPC 25% equity in the project

Chevron had earlier awarded phases one and two of the Escravos Gas Project EGP1 and EGP2 and that the initial contract sum of \$651M USD was approved for EGP 1 and EGP 2;

EGP 3 ONSHORE and EGP 3 OFFSHORE contracts which have a combined estimate of \$1.2B USD as feedstock to the EGTL have reached advanced stage of completion;
the Front End Engineering Design (FEED) for the EGP 3 for both on Shore and offshore was awarded in the year 2002 at the total cost of \$20.3M USD to Parsons and Enercon respectively;

the Front End Engineering Design (FEED) for the EGTL was awarded in 2002 to Foster Wheeler and completed in 2004 at the cost of \$20M USD;

work has commenced on the site and confirmed by the House Committee on Gas Resources during its facility visit last year;

dredging of the site for the EGTL project was awarded to a Dutch Company -Koninklijke Boskalis West Minister Dredging at the cost of about \$200M USD

only 3 consortia were pre-qualified for the EPC (Engineering, Procurement and Construction) namely: JGC/Kellog, Brown & Root (a subsidiary of the Halliburton Group) Snamprogetti; Technip Co-Flexip; Chiyoda/Saipem for the contract of over \$1.3B USD

JSK which eventually won the contract is part of the NLNG consortium TSKJ that handled Trains 1, 2, 3, 5 & 6 of the Nigeria, NLNG the fastest growing in the world today;

the same consortium is proposing Training 7;

the second bidder of the tasseled contracts, Techip Co-Flexip is also part of the consortium that is building all the NLNG Trains from 1 to 6 and possibly 7;

a similar Gas-to-Liquids (GTL) project recently concluded in Qatar cost below \$800 M USD as against our made-in-Nigeria cost for a similar project of over \$1.3B USD;

the continuous engagement of Kellog, Brown and Root, a subsidiary of Halliburton is against the Federal Government's embargo on any type of business dealings with the Halliburton Group;

the Halliburton Group is under investigation and even penalized for the case of missing radio active materials in Nigeria;

the same Company was found to have deliberately corrupted Nigerian Tax Official in a scandalous bribery case that has no doubt contributed to Nigeria being ranked in the top three most corrupt nations on earth;

the same Company or Consortium is deeply embroiled in a notorious and mind boggling bribery scandal of over \$180M USD which was doled out as bribe to Nigerian Government Officials for the construction of the NLNG Trains 1 & 2

the bidding process and award of contract took place under the supervision of National Petroleum Investment Management Services (NAPIMS);

this over inflation and subsequent cancellation of the contract cost of the EGTL was reported in two of Nigeria's major Online Newspapers which are read globally;

the bidding process appears not to have met the current national Extractive Industry Transparency Initiative (EITI)

the huge sums of capital committed to these projects are not helping to meet National objectives of an enhanced quantum of Local Content in the Oil and Gas Sector;

Resolves to:

- (i) *Mandate* the House Committee on Gas Resources to carry out a thorough investigation into the EGTL contract with a view to establishing the remote and immediate causes of Government's decision to cancel the contract and the reason for the re-tendering of the EGP Offshore, which was earlier canceled;
- (ii) *Urge* the Federal Government to review the contract tendering and award process in relation to the EGTL Project;
- (iii) *Direct* all major operators of major projects appropriated for by the National Assembly particularly in the Joint Ventures of the Oil and Gas Sector to submit Project Milestone to their respective Standing Committees with vested oversight functions without delay, to allow for transparency" (*Hon. Mercy Almona-Isei and 41 others*).

Debate:

Amendments Proposed:

- (i) In Prayer (i), line 4, immediately after the word "canceled", *insert* the words "and report to the House within 30 days" (*Hon. C. Ughanze and Hon. Abdul Ningi*).

- (ii) *Leave out all the words in Prayers (ii) and (iii) (Hon. C. Ughanze).*

Question, That the amendment be made, put and agreed to.

Another Amendment Proposed:

Insert a new Prayer (ii) as follows:

“Further mandate the House Committee on Gas Resources to review the circumstances that led to the Joint Venture Sharing formula of 75% in favour of Chevron and 25% in favour of NNPC” (Hon. Abdullahi Faruk).

Question, That the amendment be made, put and agreed to.

Main Question as amended put and agreed to.

The House Noted that:

The Federal Government had stepped up activities to actualise its optimal utilisation of Natural Gas for improved Economic and Environmental benefits.

Chevron Texaco and NNPC conceived the Escravos Gas Project (EGP) to gather Associated Gas from producing fields of Okan and Mefa and from six other offshore and swamp fields of Chevron operations in the Niger Delta.

Chevron owned 75% and NNPC 25% equity in the project

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the bidding process and award of contract took place under the supervision of National Petroleum Investment Management Services (NAPIMS);

this over inflation and subsequent cancellation of the contract cost of the EGTL was reported in two of Nigeria's major Online Newspapers which were read globally;

the bidding process appears not to have met the current national Extractive Industry Transparency Initiative (EITI);

the huge sums of capital committed to these projects were not helping to meet National objectives of an enhanced quantum of Local Content in the Oil and Gas Sector;

Resolved to:

- (i) *Mandate* the House Committee on Gas Resources to carry out a thorough investigation into the EGTL contract with a view to establishing the remote and immediate causes of Government's decision to cancel the contract and the reason for the re-tendering of the EGP Offshore, which was earlier canceled; and report to the House within 30 days;
- (ii) *Further mandate* the House Committee on Gas Resources to review the circumstances that led to the Joint Venture Sharing formula of 75% in favour of Chevron and 25% in favour of NNPC (*HR. 05/2005*).

4. Presentation and Adoption of Conference Report on the Bill for an Act to Enable Effect to be given in the Federal Republic of Nigeria to the Treaty between the Federal Republic of Nigeria and the Democratic Republic of Sao Tome and Principe on the Joint Development of Petroleum and Other Resources in Areas of the Exclusive Economic Zone of the Two States and for Purposes Connected Therewith, 2005:

Motion made and Question proposed; "That the House on Thursday, 27th May, 2004 passed the Bill for an Act to Enable Effect to be given in the Federal Republic of Nigeria to the Treaty between the Federal Republic of Nigeria and the Democratic Republic of Sao Tome and Principe on the Joint Development of Petroleum and other Resources;

The versions of the Bill as passed by the Senate and the House contained fundamental differences;

The two Chambers had met in Conference, resolved these differences and accepted a harmonized version of the Bill;

A clean copy of the Conference Report is ready for presentation and adoption;

Considering the importance of the Treaty to the national economy and the enhancement of relations between Nigeria and the Democratic Republic of Sao Tome and Principe;

Resolves to receive and adopt the Conference Report on the Bill for an Act to Enable Effect to be given in the Federal Republic of Nigeria to the Treaty between the Federal Republic of Nigeria and the Democratic Republic of Sao Tome and Principe on the Joint Development of Petroleum and other Resources in Areas of the Exclusive Economic Zone of the Two States and for Purposes Connected Therewith, 2005" (*Hon. Irem Ibom Oka*).

Question put and agreed to.

5. Presentation and Adoption of Conference Report on the Bill for an Act to Provide for the National Lottery, Establishment of the National Lottery Regulatory Commission and the National Lottery Trust Fund and for Matters Connected Therewith, 2005:

Motion made and Question proposed; “That the House on Tuesday, 1st February, 2005 passed the Bill for

an Act to Provide for the National Lottery, Establishment of the National Lottery Regulatory Commission and the National Lottery Trust Fund and for Matters Connected Therewith, 2005;

The versions of the Bill as passed by the Senate and the House contained fundamental differences;

The two Chambers had met in Conference, resolved these differences and accepted a harmonized version of the Bill;

A clean copy of the Conference Report is ready for presentation and adoption;

Considering the importance of the Bill to Social and Economic growth of the country;

Resolves to receive and adopt the Conference Report on the Bill for an Act to Provide for the National Lottery, Establishment of the National Lottery Regulatory Commission and the National Lottery Trust Fund and for Matters Connected Therewith, 2005" (*Hon. Tunde Salau*).

Question put and agreed to.

6. Adjournment:

That this House do now adjourn till Thursday, 3 February, 2005 at 10.00 a.m. (*Hon. Abdul Ningi*).

Adjourned accordingly at 5.15 p.m.

Aminu Bello Masari
Speaker