



**SENATE OF THE
FEDERAL REPUBLIC OF NIGERIA
ORDER PAPER**

Tuesday, 5th December, 2017

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1. Prayers
 2. Approval of the Votes and Proceedings
 3. Oaths
 4. Announcements (if any)
 5. Petitions
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PRESENTATION OF BILLS

1. National Bio Safety Management Agency Act 2015 (Amendment) Bill, 2017 (SB. 577) - *First Reading*
Sen. Yahaya A. Abdullahi (*Kebbi North*).
 2. Medical and Dental Practitioners Act No. 23 1988 (Amendment) Bill, 2017 (SB. 584) - *First Reading*
Sen. Nelson A. Efiang (*Akwa Ibom South*).
 3. Chemical Weapon (Prohibition) Bill, 2017 (SB. 585) - *First Reading*
Sen. Robert Ajayi Boroffice (*Ondo North*).
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PRESENTATION OF REPORTS

1. Report of the Committee on Ethics, Privileges and Public Petitions
Sen. Samuel Anyanwu (*Imo East*)
-That the Senate do receive the reports of the Committee on Ethics, Privileges and Public Petitions in respect of:
 - a. A Petition from Cpl. Ogunbuyide Adewale against the Nigerian Army for Wrongful Dismissal from the Army;
 - b. A Petition from Lt. Solomon Damina and Twelve (12) others against the Nigerian Army for Alleged Unjust Retirement from the Army;
 - c. A Petition From Major Kenneth David Chioma Obimuonso (rtd) against the Nigerian Army for His Wrongful Retirement from the Army on Medical Ground; and
 - d. Petition From Okoro Felicia against the Federal Road Safety Corps (FRSC) for Alleged Wrongful Dismissal From the Corps - *To be Laid*.
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ORDERS OF THE DAY

MOTION

1. The Legislative Investigation of Local Content Elements and Cost Variations relating to the Egina Oil Field and other related Projects.

Sponsor: Senator Solomon Adeola (*Lagos West*)

Co-Sponsors: Sen. Godswill Akpabio (*Akwa Ibom North-West*) Sen. Donald O. Alasoadura (*Ondo Central*)
 Sen. Kabir Garba Marafa (*Zamfara Central*) Sen. Ali Wakili (*Bauchi South*)
 Sen. Aliyu Sabi Abdullahi (*Niger North*) Sen. Ogba Obinna (*Ebonyi Central*)
 Sen. Andrew Uchendu (*Rivers East*) Sen. Binta Masi Garba (*Adamawa North*)
 Sen. Bassey A. Akpan (*Akwa Ibom North-East*) Sen. Biodun Olujimi (*Ekiti South*)
 Sen. Baba Kaka Bashir Garbai (*Borno Central*) Sen. Buhari Abdulfatai (*Oyo North*)
 Sen. Abdullahi Gumel (*Jigawa North-West*) Sen. Dino Melaye (*Kogi West*)
 Sen. Rafiu Adebayo Ibrahim (*Kwara South*) Sen. Stella Oduah (*Anambra North*)
 Sen. Gershon H. Bassey (*Cross River South*) Sen. Bayero Usman Nafada (*Gombe North*)

The Senate:

Notes that Engineering studies for the Egina Oil-field project began in 2008, with an approval of the National Petroleum Investment Management Services (NAPIMS) and the Department of Petroleum Resources (DPR) in 2008 and 2009 respectively. The Egina project was conceived as a deep offshore field comprising of a *Floating Production Storage and Offloading Vessel (FPSO); an Oil Offloading Terminal and Subsea Production Systems* such as risers, 52km of oil and water injection flowliners, 12 flexible jumpers, 20km of gas export pipelines, 80km of umbilicals, and subsea manifolds;

Notes further that the Egina project located within the Oil Mining Lease block (OML) 130 and covers an area of about 500 square miles, is developed by Total Exploration and Production Nigeria Limited (24%) in partnership with CNOOC Energy Nigeria Limited (45%), Petrobras (16%) Sapetro (15%), to contribute an estimated 200,000 barrels of oil per day to the Nigerian daily oil production from the planned 2018 commencement date. The oil field is situated at a water depth of up to 1,750m;

Aware that total awarded various contracts for the different components of the Egina project to: *Dover Engineering; Abbott Risk Consulting (ARC); Saipem; FMC Technologies; Technip; Vallourec; and Samsung Heavy Industries (SHI), for FEED contract; Safety Engineering Design Studies; Engineering, Procurement, Fabrication and Installation (EPCI) and pre-commissioning contract; Engineering, Procurement, Construction and Commissioning (EPCC) contract for Subsea Production Systems; Steel Tube Umbilicals of Production, Water Injection and Subsea Isolation Valve (SSIV) types; Turnkey Contract for the Design, Procurement, Construction, Delivery and Trial Operations of the Egina FPSO, respectively;*

Aware that several of these contractors have also engaged other sub-contractors to provide various aspects of the project components;

Understands that the Egina project was expected to comply with the provisions of the *Nigerian Oil and Gas Industry Content Development Act of 2010* by awarding required equivalent contracts to indigenous Nigerian companies; engaging local manpower and providing adequate manpower training/development programmes to the Nigerian workforce as well as ensuring the needed technology and knowledge transfer, proportionate to the overall project value and scope;

Observes that at inception, the project was estimated to cost *USD6 billion* but has undergone several cost variations that currently put its cost at over *USD16.352 billion* today;

Aware that the key component of the Egina Project - the Floating Production, Storage and Offloading (FPSO) vessel, has been completed and is currently on sea to Nigeria. The FPSO contracted to the Korea-based Samsung Heavy Industries (with LADOL Integrated Logistics Enterprise as the local content partner) is expected to arrive Nigeria from Korea before the end of the year - 2017;

Aware that several other fabrication and integration works have also been completed by Saipem, Nestoil, Nigerdock, Dorman Long and Aveon, who are contractors or sub-contractors for different aspects of the project; *Observes that* all is set for the integration of six locally fabricated topside modules to be integrated on the FPSO at SHI-MCI Yard (LADOL) before sail to the OML 130 location and site of the Egina oil-field. In essence, all appears to be set for the project go-live, first oil date planned for the 4th Quarter (4th Q) 2018;

Notes that at inception, the project boasted of 24 million man-hours of work done in-country representing 77 percent of the work load for the project and equivalent to a workforce of 3000 persons on average over a period of five years. There was a planned fabrication of approximately 60,000 tons of equipment in various yards in-country, including specialized equipment like pressure vessels, flare tower, helideck, living quarters' structures, large FPSO structures and complex subsea structures;

Further notes that another 297,000 man-hours of work on the basic engineering for the Egina Project was stipulated to be performed in-country to represent 94 percent of the total man-hours spent. Thousands of hours of in-country and foreign training programmes were planned for the project workforce as part of the required technology transfer;

Concerned that over the life of the project, its costs components have been reviewed twice from the initial USD6 billion (approximately) budget, once to USD13 billion and more recently to USD16.352 billion (approximately); Disturbed that the Local Content elements as well as the Cost Variations of the Project has been subject of several petitions and queries over the years. Petitions have been submitted to the effect that monumental fraud and acts of disregard for the Nigerian Oil and Gas Industry Content Development Act of 2010 abound on the procurement and contractual arrangements of the FPSO element of the procurement;

Understands that assertions abound in the Oil and Gas industry to the effect that several of the planned in-country engineering activities relating to the FPSO (as well as other) elements of the project were not executed in Nigeria, but were rather executed in Korea and other related countries, and only imported into Nigeria. This is contrary to the Project Work Plan and again the spirit and provisions of the Nigerian Oil and Gas Industry Content Development Act of 2010;

Disturbed that the role and commitment of LADOL as the local content partner to Samsung Heavy Industries on the FPSO element of the project, has also been alleged to have connived with Samsung to take away jobs from Nigerians and revenue from the Federal Government. LADOL, like other sub-contractors on the Egina Project: Duco Limited; FMC Technologies; Nov Oil & Gas; Bell Oil & Gas and Honeywell, is speculated to have allowed the exportation of some of the works that ought to have been executed in-country and also participated in the costs variations in her bid to earn more commission from the increased project cost in her commission-based contract. Several other indigenous companies that bided to participate in the FPSO project were believed to have been edged out to favour the Samsung-LADOL deal;

Observes that Samsung like some other contractors on the project began making variations during the life of the project without proportionate increase in the local content elements of the project;

Concerned that already two similar Deep Offshore Oil Field projects like Egina namely Bonga Southwest and ZabaZaba with serious Local Content implications are about to be commenced by IOCs and Nigerian Government with sharply differing costs and variations from each other;

Further notes that in view of the huge variations in costs of Egina and possible non adherence to the Nigeria Oil and Gas Industry Content Development Act of 2010 as well as the discrepancies in the costs of Egina and two similar projects of Bonga Southwest and ZabaZaba, Nigeria may be perpetually in debt at the end of 25 years lifespan of these projects without any benefit;

Further concerned that the local content elements of the Egina Project were planned to reflect the overall project cost and scope at inception, as required by the provisions of the Nigerian Oil and Gas Industry Content Development Act of 2010. However, with the enormous variations of the project costs from approximately USD6 billion to USD16.352 billion over the years, it has become necessary to understand:

- The basis of the two (or more) variations;
- The general compliance of individual aspects of the Egina Project to the provisions of the Nigerian Oil and Gas Industry Content Development Act of 2010;
- The aspects/components of the Egina Project that have had cost variations since project commencement;
- The impact of such costs variations on the initial Local Content elements of the project;
- If the Local Content elements have been adequately adjusted with each variations; and
- The impact of the over 167% variation in the initial project Capital Expenditure (CAPEX), on the overall project viability to the Nigerian government, as this variation is expected to drastically change the project payback period,

Accordingly resolves to:

Direct the Committee on Local Content to investigate the Local Content Elements and cost variations relating to the Egina Oil field Project and the two related Bonga Southwest and ZabaZaba projects with the mandate to:

- i. Carry out Public Hearing on this widely celebrated project;
- ii. Ensure that there are no future changes necessitating further variations of the project cost;

- iii. Ascertain whether the cost variations have direct impact on the project scope and objectives;
- iv. Ensure that the costs variations have the required resultant effects on the local content elements of the project; and
- v. Stop any further action on Bonga Southwest and ZabaZaba Oil Field Projects pending the outcome of the investigations on the Egina Project and the variations in costs between the three similar projects.

CONSIDERATION OF A REPORT

1. Report of the Joint Committee on Finance, Appropriations and National Planning & Economic Affairs 2018 – 2020 *Medium-Term Expenditure Framework and Fiscal Strategy Paper (FSP)*
Sen. John Enoh (*Cross River Central*), Sen. Goje M. Danjuma (*Gombe Central*) and Sen. Musa Kwankwaso (*Kano Central*)
-That the Senate do consider the Report of the Joint Committee on Finance, Appropriations and National Planning & Economic Affairs on the 2018 – 2020 *Medium-Term Expenditure Framework and Fiscal Strategy Paper (FSP)* in accordance with the Fiscal Responsibility Act 2007.

CONSIDERATION OF BILLS

1. A Bill for an Act to Provide for the Establishment of the National Centre for Disease Control and Prevention (NCDC) and for matters connected therewith, 2017 (SB. 573) – *Second Reading*
Senate Leader
2. A Bill for an Act to amend the Nigerian National Petroleum Corporation (NNPC) Act CAP N123 LFN 2004 and for other connected matters therewith, 2017 (SB. 572) – *Second Reading*
Sen. Ahmadu Abubakar (*Adamawa South*) and others.
3. A Bill for an Act to authorize the issue from the Consolidated Revenue Fund of the Federation the total sum of =N=8,612,236,953,214 (Eight Trillion, Six Hundred and Twelve Billion, Two Hundred and Thirty - Six Million, Nine Hundred and Fifty - Three Thousand, Two Hundred and Fourteen Naira) only, of which, =N=456,458,654,074 (Four Hundred and Fifty - Six Billion, Four Hundred and Fifty - Eight Million, Six Hundred and Fifty - Four Thousand, Seventy - Four Naira) only is for Statutory Transfers, =N=2,233,835,365,699 (Two Trillion, Two Hundred and Thirty -Three Billion, Eight Hundred and Thirty - Five Million, Three Hundred and Sixty - Five Thousand, Six Hundred and Ninety - Nine Naira) only is for Debt Service, =N=3,494,277,820,219 (Three Trillion, Four Hundred Ninety - Four Billion, Two Hundred and Seventy - Seven Million, Eight Hundred and Twenty - Thousand, Two Hundred and Nineteen Naira) only is for Recurrent (Non-Debt) Expenditure while the sum of =N=2,427,665,113,222 (Two Trillion, Four Hundred and Twenty - Seven Billion, Six Hundred and Sixty - Five Million, One Hundred and Thirteen Thousand, Two Hundred and Twenty - Two Naira) is for contribution to the Development Fund for Capital Expenditure for the year ending on the 31st day of December, 2018 (SB. 575) – *Second Reading - 4th Allotted Day*
Senate Leader.

COMMITTEE MEETINGS

No.	Committee	Date	Time	Venue
1.	Cooperation and Integration in Africa/NEPAD	Tuesday, 5 th December, 2017	2.00pm	Committee Room 305 Senate New Building
2.	Agriculture and Rural Development	Tuesday, 5 th December, 2017	12.00noon	Committee Room 117 Senate New Building
3.	Petroleum Resources (Upstream)	Tuesday, 5 th December, 2017 Wednesday, 6 th December, 2017	3.00pm 1.00pm	Committee Room 107 Committee Room 107 Senate New Building
4.	Ethics, Privileges and Public Petitions	Tuesday, 5 th December, 2017	3.00pm	Committee Room 120 Senate New Building

5.	Ad-hoc Committee on Accommodation, Logistics Feeding etc. Onshore and Offshore of the Nigerian Pilgrims	Tuesday, 5 th December, 2017	1.00pm	Committee Room 204 Senate New Building
6.	Health	Tuesday, 5 th December, 2017 (Investigative Hearing)	2.00pm	Committee Room 313 Senate New Building
7.	Ad-Hoc Committee of Chairmen & Vice Chairmen of Committees on Establishment, Judiciary, Interior and Anti-Corruption	Tuesday, 5 th December, 2017 (Investigative Hearing)	2.00pm	Committee Room 4.41 Senate New Building
8.	Petroleum Resources (Downstream)	Tue. 5 th & Wed. 6 th December, 2017	2.00pm	Committee Room 221 Senate New Building
9.	Water Resources	Tue. 5 th & Wed. 6 th December, 2017 (Public Hearing)	10.00am	Conference Room 022 Senate New Building
9.	Local Content	Tue. 5 th - Thu. 7 th December, 2017	2.00pm	Committee Room 211 Senate New Building
10.	Ad-hoc Committee on Investigation of Episodes of Tuesday, 21 st November, 2017 Between EFCC & DSS	Wednesday, 6 th December, 2017	2.00pm	Committee Room 221 Senate New Building
11.	Army	Wednesday, 6 th December, 2017	3.00pm	Committee Room 431 Senate New Building
12.	Agriculture and Rural Development	Thursday, 7 th December, 2017 (Investigative Hearing)	12.00noon	Conference Room 022 Senate New Building
13.	Communications	Thursday, 7 th December, 2017	2.00pm	Committee Room 221 Senate New Building