

Shell in Nigeria

Nigerian content

Spreading wealth and developing talent



Shell projects in Nigeria have a positive impact on the economy. As far as possible, we use Nigerian contractors and hire workers from the local communities where we operate. In 2008, Shell-run companies in the country awarded contracts worth more than \$900 million to Nigerian companies. This represented more than 90% of the overall number of contracts. It also amounts to 36% of their total value. This is lower than the previous year, mainly because the security and funding crisis reduced our activities in the Delta and, therefore, the amount of work we gave to local contractors there.

The Shell Petroleum Development Company (SPDC) and the Shell Nigeria Exploration and Production Company (SNEPCO) employ around 6,000 direct staff and contractors. More than 90% of them are Nigerian.

As well as creating thousands of jobs, transferring skills and technology to Nigerians is a big part of what we do. Our focus is on helping to increase the capacity of Nigerians and Nigerian companies in a range of oil and gas industry activities, from design and engineering, to exploration and drilling. This supports the government drive to increase Nigerian involvement in major projects. It also makes sense for us – by developing a skilled Nigerian workforce we can lower our operating costs over the long term and we contribute to a more prosperous Nigeria, which is good for the country and good for business.

Our deep-water operations offshore are a good example. Take Bonga – Nigeria's first offshore deep-water project, which is operated by SNEPCO. It has helped create the country's first generation of engineers with deep-water experience who will help expand this promising sector of the industry. There are only a handful of locations around the world with expertise in this technically challenging environment.



We are building Nigerian deep-water capability through partnerships. SNEPCO opened a Deep-water Projects organisation in Lagos in 2007. It plays a key role in developing deep-water skills and capacity of Nigerian contractors. Almost 80% of the 117 staff are Nigerian. In addition, about 100 Nigerians are working in our Opportunity Delivery and Studies Centre opened in 2005, which handles the majority of SPDC's and SNEPCO's exploration studies. Previously this work was done overseas.

In 2007, SNEPCO awarded a \$10 million contract to Dorman Long – a Nigerian company – to maintain and modify our offshore production facilities in the Bonga field. By the end of 2008, around 75% of Bonga's core offshore staff were Nigerian. In March 2008, Nigerians played a central role in the country's first ever four-dimensional seismic survey that SNEPCO conducted on the field. Forty percent of those involved were Nigerian and they will form the core of senior crew for further surveys in 2009.

And in April this year, SNEPCO, awarded a key contract to Weltek Limited – a Nigerian company – to build, install and start up new facilities on the Bonga floating, production, storage and offloading vessel that will expand production at the field. This is the first time a wholly locally-owned company has been awarded this specialist work in Nigeria. The facilities themselves were designed by a subsidiary of the Nigerian National Petroleum Company, in collaboration with SNEPCO engineers – another first.

Targets, training, support

Nigeria has laws requiring us to include minimum amounts of Nigerian content in all our projects. We set targets for Nigerian content for major projects in the planning phase. To help meet those targets, SPDC created a community content department in 2007. The department focuses on building the capability of businesses, company executives and young people from host communities to win contracts from Shell and play a larger role in the industry. By March

this year, the department had trained over 1,000 service providers in general contracting processes, 300 people in entrepreneurship, and 200 in a range of skills including scaffolding, welding, catering and diving. We estimate it has created business opportunities for community companies worth tens of millions of dollars.

Shell companies in Nigeria are also helping develop young talent by sponsoring a research programme in five universities for core technical skills in geosciences. We offer sabbaticals and student internships at our global exploration offices in Port Harcourt to introduce new concepts in underground evaluation techniques using the latest technologies. In addition to several thousand scholarships and bursaries that SPDC awards to children and students every year, we also run the Shell Intensive Training Programme for graduate employees. This one-year study course prepares new joiners for the type of work they will perform when they join projects later. In August 2008, 100 people graduated this programme. A further 95 graduated in March 2009.

More information on Shell's operations in Nigeria can be found at www.shellnigeria.com