

# **PRESENTATION AT THE NESI OIL CONFERENCE IN SOUTHERN SUDAN, JUBA**

**1<sup>ST</sup> - 2<sup>ND</sup> NOVEMBER 2006**

**BY  
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The oil industry is one of the economic ventures in the world that bags a lot of controversy. Oil development projects rarely co-exist harmoniously with other local activities in economically, socially and politically emerging countries. This is mainly because of the oil industry tendency to displace people, livestock and wildlife from their own environs; the oil industry negative impact on the environment due to gas emissions or oil spillages, which damage the environment irreparably and causing health hazards to life.

The oil industry on the other hand, with its huge flow of cash has the tendency to create tensions and temptations. When oil companies move in, they arouse expectations of the local residents – for employment, training, markets for local produce, delivery of social services such as education, health care, water supply and basic physical infrastructure such as roads and improved shelters. Hopes are even further heightened and arouse higher when communities are disadvantaged and improvised such as we are in Southern Sudan, coming out of more than two decades of devastating war and when government services fall very short.

Jonglei State has very huge oil potentials in almost all its eleven counties and two oil companies – White Nile Ltd and ASCOM Sudd Operating Company Ltd, are prospecting for oil and are already in their advance stage in their Seismic survey work and are planning separately to launch exploration drilling in December 2006 to early 2007.

Other oil companies including Total and Lundin are talking with the Government of National Unity (GONU) and Government of Southern Sudan (GOSS) in an attempt to reclaim what they say are their concessions prior to CPA and now occupied by White Nile and ASCOM or work out sharing arrangements while Patrons chose to intrude into Fangak county without caring to go through GOSS and Government of Jonglei State (GOJS) and are being ejected until they come through GOSS and the GOJS and in compliance with the CPA, INC, ICSS and ICJS. "Some of these oil companies should understand that South Sudan is no

longer a no-mans-land as it was before the CPA, ready for grabbing. There are levels of governments and laws in full operation and must be consulted and respected by oil investors and all concerned. #

While oil concessions have been awarded by GONU and GOSS, the state and counties are the oil operation scenes and we in Jonglei State, have been talking with the two oil companies – White Nile Ltd and ASCOM Sudd operating Company Ltd and will do so with any other company that will be given concession by GOSS and GONU in the future to ensure that our environment is protected and that social development projects identified by our communities are implemented through support by the oil companies.

- \* On the environmental protection, the oil companies must strictly abide and conduct their oil operations in accordance with internationally recognized health, safety and environmental standards and good oilfield practice. ] In their commercial efforts the oil companies should and must ensure their operations cause very minimal impact to our natural environment including wildlife, fresh water, fisheries, grazing and agricultural lands and surfaces and underground water.
- \* The oil companies must and should limit any excessive noise that is associated with oil industry operations and must collect and safely dispose harmful waste products. ] These companies have been told to use all commercial practicable efforts made to preserve and protect local population, local housing, shrines and other cultural sites, wildlife sanctuaries, ground water and surface and any other environmental aspects, when acquiring seismic data. They have to limit the risk of pollution and /or impact upon natural environment that may result from drilling exploration wells.
- \* These companies must and should take steps to prevent pollution of surface and ground waters from contamination by toxic or saline products and that when they abandon wells, they have to take all practicable measures to ensure that these wells are plugged and sealed so that they can no longer contaminate the surrounding environmental aspects. We are also telling the oil companies that
- \* they are strictly responsible for the prevention of the discharge of hydrocarbons from their oil operations and that when this do happen; they must and should take all practicable commercial efforts to limit possible environmental damage that may result from such discharges.
- \* If the oil companies are to re-inject natural gases, they must conduct it in such a way as to reasonably minimize impact upon the environment and the health of the

local human population, flora and fauna. The companies have to clear evidence of seismic works upon completing work, pay fair indemnity to communities and for any proven damage to property as a result of petroleum operations and as a result of willful misconduct on behalf of the oil company.

Are the presently operating oil companies in the State following the above guidelines? No they are not.

This is because there are no environmental laws with the GOSS and the agreements signed with the oil companies are lacking strong Environmental Impact Assessment (EIA) guidelines and studies. At the same time the legislations concerning environment existing in northern Sudan, are not only wanting in terms of their effectiveness (look at how the environment of Bentiu and Adar Yel have been destroyed by oil operations and the deforestation in Central Sudan thanks to charcoal industry, in spite of such regulations), but are often piecemeal in nature, with different government departments in charge of aspects of the environment.

For example, the GONU ministry of irrigation has the responsibility to watch out for and discourage water pollution, forests and their protection is the concern of another ministry and air pollution left to which ever agency that cares to pick it up and all these bodies do not feel obliged to know or coordinate its activities with others.

This situation creates overlap and weakens the institutional frameworks which could implement the laws if they exist. Governments in the developing countries are always forced to consider economics survival and poverty concerns over environmental conservation concern; but what we do not also know or fail to consider is that the rapid environmental destruction is the major cause of poverty and therefore, have to take strong measures to conserve our environment for the survival of our populations.

In this regard, I am calling upon the Government of Southern Sudan (GOSS) to formulate environment laws to conserve our environment for our survival and to commission Environmental Impact Assessment Consultancy firms to carryout surveys in Jonglei State and any other States in Southern Sudan to recommend appropriate oil operation practices. "

On the social development aspects, we have been discussing with ASCOM Sudd Operating Company Ltd and White Nile Ltd on a very serious note the need for the social development projects implementation to commence alongside their oil exploration activities. We will do the same with any oil company given

concession in our State in the future. Indeed the oil companies have their own priorities and we do have our own priorities.

However, one thing the oil companies have to know and work for its realization is that since it takes decades to invest in oil industry investment, they must take critical steps to successfully integrate into local communities by establishing a wide variety of relationships at all levels. It is in their interest if residents perceive their presence as beneficial and their operations integrate seamlessly into the local socio-economic fabric.

The governments of State and Counties and the local communities where these companies are operating, expect the oil companies to contribute to the local social development, to create jobs and markets thereby helping to gradually diversify economies and paving way for seamless transition to our post conflict era. It is in the interest of the oil companies if local residents perceive their presence as beneficial and their operations integrated into the local framework.

It is from this understanding that we have been talking with the oil companies in our State to begin to support our social development priorities in the following areas:

The oil companies are required to institute training program for people of Jonglei State and Southern Sudan to be trained in oil industry and these training programs are spelled out in the contract and should also be highlighted in the companies' budgets. The trainings include skilled, technical, administrative and managerial positions in relations to work undertaken in the contract. These trainings will include scholarships to international institutions to improve understanding of oil industry operations in the South Sudan and also other fields like health care, ASCOM is already sending twelve students to Moldavia for two and half years for health care training.

In regards to employment we are also telling the companies to employ their workforce from the local communities and Southern Sudan except in areas where qualified people are not found locally.

Finally, we are calling upon the GOSS to review the oil revenue sharing arrangement between the GOSS, Oil Companies – (ASCOM, White Nile) and the producing state and counties. This is because the 2% royalty agreed in the CPA should apply only where the revenue sharing arrangement is between GONU and GOSS as stipulated in the CPA. In the case of revenue sharing between the GOSS, Oil Company and area of production, we are proposing 5% for producing

County and 10% for the producing State to share out to none producing Counties and its operations and 45% for the GOSS to share out to other parts of Southern Sudan and as a contribution to GOSS Operations and the oil company gets 40%.

It is only through this wealth sharing arrangement between us and the oil companies given concession before the CPA such as that of White Nile Ltd and ASCOM Sudd Operating Company, can there be money available for the people of Southern Sudan to receive peace dividends through the oil industry. I am also appealing to GOSS to prevail over oil companies to ensure oil companies abide by international standards of good oil production practice in keeping our environment as they found it and to advance implementation of our social development priorities even if from our future share of oil revenue. We want our people to begin to get peace dividends now.

Thank you all.

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