



SHELL IN NIGERIA

THE GBARAN UBIE INTEGRATED OIL AND GAS PROJECT

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Putting Nigeria's gas to good use

The Shell Petroleum Development Company of Nigeria Limited (SPDC) began work on the Gbaran Ubie integrated oil and gas project in 2005. The production facilities attained the gas design capacity of one billion standard cubic of gas per day (bscf/day) on February 5, 2011 and it is expected that when all oil wells are drilled and hooked up, production will peak at about 70,000 barrels of oil a day.

The project is developing production from an area of approximately 650 square kilometres in Bayelsa State. These fields were discovered in the 1970s but not fully developed because they contained mainly gas, for which there was little demand then in Nigeria. The project is currently drilling more than 30 new wells and has installed a central processing facility on site to treat both oil and gas. This will increase production from the area and enable SPDC to harness associated gas produced with oil.

"The Gbaran project is a world-class development that will boost Nigeria's oil and gas resources significantly," says Okee Elechi, Gbaran Ubie Project Manager. "It will help meet government targets to reduce flaring, provide more energy for Nigerians and increase exports of liquefied natural gas."

When complete, new pipelines will deliver gas to generate power in the Niger Delta—supporting development in the region. It will supply the Bayelsa State power plant at Imiringi and a new 225-megawatt (MW) power plant being built in Gbaran by the Federal Government. The rest of the gas will be transported via SPDC's new Eastern Gas Gathering System (EGGS-2) pipeline to Soku, in the eastern Niger Delta, and then onto the Nigeria Liquefied Natural Gas Company (NLNG - Shell share 25.6%) at Bonny, for export. The oil it produces will be exported from SPDC's Bonny crude oil terminal. By the end of 2010, the project was almost 100% complete with over 300km of pipelines laid, vessels for the central processing facility (CPF) installed on site and commissioned and the Field Logistics Base occupied by operations personnel.



Non associated gas slug catchers – Gbaran Ubie

Economic development and Nigerian content

The Gbaran Ubie project has contributed to economic development in the Niger Delta and created jobs for local communities and Nigerian companies. By the end of 2010,



Aerial view of Gbaran Ubie Integrated Oil and Gas Project



Dehydrating equipment – Gbaran Ubie

over \$1 billion had been spent on goods and services bought in Nigeria and over 140 Nigerian companies had provided various services including construction, pipeline design, vessel fabrication and logistics support. Half of the process vessels at the facility were fabricated in Nigeria by Niger Dock plc. and Dorman Long.

At the peak of construction in 2008, the project created employment for almost 6000 people. About 95% of the workers were Nigerian. The gas processing facility is expected to create between 300-500 regular jobs – mostly employing people from local host communities.

Social investment

The Gbaran Ubie project has a comprehensive community development programme providing social infrastructure and promoting public health. SPDC signed four agreements - Global Memoranda of Understanding (GMOUs) - with four clusters of communities covering 44 local communities in the area. SPDC provides funding and access to experts while the communities set priorities and decide how to spend the money. (For more on GMOUs please see the separate briefing note on GMOU).

Some GMOU projects have been completed, including the installation of boreholes and pumps to provide fresh water to neighbourhoods and the construction of civic centres, schools, town halls, health centres and accommodation for teachers. As part of the projects, SPDC is building several bridges and approximately 40 kilometres of roads, with over 30 kilometres completed.

GMOU funds have provided 80 university scholarships to young people from communities near the site. The project has installed equipment and connected 11 communities within the project foot print to the electricity grid for the first time. Back-up electricity from the central processing facility is also provided to two communities near the Project's Central Processing Facility. This will ensure continuous power supply for local homes and businesses. More than 200,000 people will benefit from these electrification projects.

More information on the operations of Shell companies in Nigeria can be found at www.shellnigeria.com

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