

**JOSEPH AYO BABALOLA UNIVERSITY
IKEJI-ARAKEJI
COLLEGE OF LAW
FIRST SEMESTER EXAMINATION, 2021/2022 ACADEMIC SESSION**

COURSE TITLE: OIL AND GAS LAW I
COURSE CODE: JIL 412
TIME: 3 HOURS
INSTRUCTION: ANSWER FOUR QUESTIONS

1. Petroleum is described as a mixture of hydrocarbon that occurs under the earth surface primarily within the pore spaces of sedimentary rocks in liquid, gaseous or solid form. Do you agree with this? Discuss.

17½ Marks
2. Enumerate the reason(s) if any why Nigeria is not making sufficient money from oil and gas sector of her economy.

17½ Marks
3. As an Oil and Gas Legal Practitioner, concisely advise Nigerian government on the danger of relying on petroleum as a major source of income.

17½ Marks
4. Petroleum is the world's most important source of energy. Discuss the truth or otherwise of this statement.

17½ Marks
5. Discuss in detail two theories of Ownership of Petroleum. 17½ Marks
6. Explain the concept of Ownership of Mineral Oil in the Constitution of Nigeria.

17 ½ Marks

**COLLEGE OF LAW
DEPARTMENT OF JURISPRUDENCE AND PUBLIC LAW
FIRST SEMESTER EXAMINATION, 2023/2024 ACADEMIC SESSION**

COURSE CODE: JIL 412

COURSE TITLE: OIL AND GAS LAW I

COURSE UNIT: 4 UNITS

TIME ALLOWED: THREE (3) HOURS

INSTRUCTION: ANSWER FOUR QUESTIONS IN ALL, TWO (2) QUESTIONS FROM EACH SECTION

SECTION A – ANSWER TWO QUESTIONS FROM THIS SECTION

1. ...after several thousands of years of formation of the dead bodies of organisms and their reaction with other chemicals to make oil, the crude oil sediments will remain in the pore spaces beneath the ground. Little drops of the oil seep to places within this pore spaces and settle there with the continuous pressure and heat which both cause further transformation and change in composition.
 ...Oil exploration involves the process of search for and discovery of oil from its natural source which is usually under the ground. In order to find crude oil underground, geologists must search for a sedimentary basin in which shales rich in organic material have been buried for a sufficiently long time for petroleum to have formed. The petroleum must also have had an opportunity to migrate into porous traps that are capable of holding large amounts of fluid. The occurrence of crude oil in earth's crust is determined by these conditions, which must be met simultaneously, and by the time span of between ten million to a hundred million years required for the oil's formation.
 Petroleum geologists and geophysicists have many tools at their disposal to assist in identifying potential areas for drilling. The only way to prove that oil is present in the subsurface is to drill a well. In fact, most of the oil provinces in the world have initially been identified by the presence of surface seeps.
 - a. What is the above scenario called in Oil and Gas Law? **2 1/2 Marks**
 - b. In your understanding of question A, kindly give a vivid analysis of the process of search for and discovery of oil from its natural source. **7 1/2 Marks**
 - c. Examine question A above, and give an acceptable definition. **7 1/2 Marks**

2. Mrs. Dorathy is a farmer in Adegbagi Adesare village. She took the head of the Community Chief Ojuorolari and other Village Chiefs to her farm land and told them she believed that organic materials on her hectare of land had been chemically transformed into hydrocarbon and wants the Federal Government to commence exploration of oil and gas on her recently acquired hectare of land; this unveiling action brought about confusion because those present argued her land does not look like the land in the oil producing states and that oil and gas can never be found underneath. They further questioned her and failure to answer will warrant them to prevent her from taken further steps.
 - a. Chief Ojuorolari asked her to explain the physical properties of Oil and Gas; **7 1/2 Marks**
 - b. Miss Kate a passerby asked her to explain the importance of Oil & Gas to the society **7 1/2 Marks**
 - c. Master Fine-Face a mechanic also asked her if petroleum is a source of energy **2 1/2 Marks**

She does not know what to do, suddenly she remembered you to be a 400 level Law Student who is conversant with Oil and Gas Law; kindly assist her by answering the above questions.

3. Critically examine and explain with examples the Legal Regime governing petroleum in Nigeria from the Colonial era till date.

17 ½ Marks

SECTION B – ANSWER TWO QUESTIONS FROM THIS SECTION

4. The attempts to remove the petrol subsidy by past administrations or the government in Nigeria have sparked protests and resistance from the Nigeria Labour Congress and citizens. Following President Bola Ahmed Adekunle Tinubu's removal of the fuel subsidy on Premium Motor Spirit (PMS) petrol, and with non-functional refineries, the continuous importation of refined petroleum products is necessary. The Federal Government argues that fuel importation strains the local currency and that the subsidy primarily benefits a select group (the cabal), creating opportunities for arbitrage and illicit transportation of petrol to neighbouring countries. This situation presents a dilemma and a challenging decision for the Federal Government, as it faces the choice between deepening an unsustainable fiscal deficit or risking potential social and economic unrest by removing the subsidy. Nonetheless, the government asserts that the subsidy must be removed, suggesting potential annual savings of around NGN7trillion, which could be redirected towards infrastructure, education, security and health. Do you agree with these arguments? Discuss [Total 17^{1/2} marks].
5. As an expert in energy and petroleum laws, advise the Minister of Petroleum Resources, Heineken Lokpobiri (Oil) and Ekperikpe Ekpo as Minister of State for Petroleum Resources (Gas) on the prospects, challenges, and the way forward regarding the Petroleum Industry Act 2021. The aim is to enhance efficiency, transparency, and accountability in the sector, aligning with the 2023 United Nations Conference on Climate Change (UNFCCC 28) meeting of 30 November to 12 December 2023 in Dubai, United Arab Emirates (UAE) where a commitment to transitioning to a low-carbon economy to reach net-zero by 2050 was further announced. Subsequently, the country's drive for carbon neutrality is clouded with uncertainties despite numerous policy targets to move away from reliance on non-renewable and environmentally harmful energy sources, such as coal, oil, and natural gas, and transition towards cleaner, more sustainable, and low-carbon energy technologies [Total 17^{1/2} marks].
6. (a) Petroleum, over the last hundred and fifty years, has been regarded exclusively as either private or state property. The unresolved question of oil ownership led to the 1962 United Nations resolution on permanent sovereignty, affirming the right of people and nations to permanent sovereignty over their natural wealth and resources. This right must be exercised in the interest of national development and the well-being of the people of the concerned state. As the best energy and petroleum lawyer in Nigeria, your firm has been engaged by Mr. John, an oil tycoon residing in Canada, who has been issued a license to commence oil exploration and production activities in Nigeria. Provide your advice, considering the salient theories of ownership of mineral resources in Nigeria [Total 8^{1/2} marks].
- (b) Belema Energy Resources Limited is contemplating obtaining Petroleum Licence or Permit with a plan to set up an oil and gas company in Port Harcourt, Rivers State. As the company newly appointed Chief Legal Officer, the Chairman of the company Chief John has heard that you are a very good oil and gas lawyer and he would like your comprehensive opinion regarding the grounds for the incessant annulment or revocation of an oil licence or permit in Nigeria oil and gas industry with panaceas to the conundrums in Nigeria before finalizing the business plan. Please advise Belema Energy Resources Limited. [Total 9 Marks].