

# ExxonMobil in Ghana... Any fears?

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Energy experts scrutiny of the petroleum agreement recently signed by government of Ghana and ExxonMobil have indicated that there is more to be worried about with energy company giant entrant into Ghana.

These experts have expressed deep disappointment over the concessions – many of them apparently out rightly illegal – given the American oil industry leader.

They express shocked, some saying it is the worse deal ever to have been signed ever among all the oil blocks awarded for exploration, development and production.

A thorough study of the entire fiscal regime of the agreement exposes that, the ExxonMobil agreement is less beneficial to Ghana than any of the previous agreements and there are dire clauses in the legal and regulatory regime of the agreement which should not have been allowed in the agreement.

Dr. Steve Manteaw, the current chairman of Public Interest and Accountability Committee (PIAC), a member of GHEITI and a Policy Analyst at ISODEC, after analyzing the agreement concluded that, the country did not get the best of deals.

This sharply contradicts the Energy Minister, Boakye Agyarko's comment during the signing ceremony that, "The deal is one of the best based on lessons from the country's past ten years of producing oil."

According information made available, the government simply accepted whatever ExxonMobil offered it, there was no effort to conduct a bidding round. However, competitive tendering yields the best results in block allocation in the upstream petroleum sector.

Effectively this makes the agreement the biggest sole sourcing agreement entered into by the Government of Ghana to date.

This makes the footings of ExxonMobil in Ghana worrying as what might have pushed the Energy Minister to make such a deceptive but alluring comment which seems to undermine his integrity and patriotism.

Yes, ExxonMobil is a giant, it is cheaply for the company to buy the whole Ghana base on their financial position, so for it to buy its way out of complying with industry laws and regulation and other laws of the country from a hand full of individuals is as cheap as sandy soil. As at 2017,

the parent company's total assets was estimated at US\$348.7 billion. and employees 69,600 in all its operations.

The reasons why the energy experts are disappointed with the deal Ghana signed with ExxonMobil are that; The ENI agreement which was signed ahead of ExxonMobil had Carried and Participating Interest totaling 20% while ExxonMobil which is said to be the best, has 18% Carried and Participating Interest.

Also, Springfield Ghana, which is a sole Ghanaian company, offered Ghana a better deal than that of ExxonMobil with regards to the fiscal regime. In terms of royalty, Springfield offered Ghana 12.5 percent as against 10 percent by ExxonMobil.

ExxonMobil is allowed capital allowance of 10 years as against 5 years allowed for all the previous agreements signed.

It makes sense to excuse the Jubilee partners and TEN partners for their deal which were negotiated with not much confidence and for that matter, Ghana needed to be flexible in order to attract them to help Ghana prove that we have oil in commercial quantities offshore and onshore Ghana, although seismic data was available showing likelihood of Ghana having oil in commercial in quantities, but there were still doubt.

Meanwhile, according experts, the block awarded to ExxonMobil is a low risk one due to the fact that, several companies had done preliminary tests on it and had proof of the existence of oil in commercial quantities. Most of those companies were ready to put in offer for the block, but it is amazing the government could disregard the Petroleum Exploration & Production law on competitive bidding process for award of oil blocks and rather allow the Minister of Energy to use his 'discretionary' powers to hand pick the company he likes.

Moreover, a detailed research about the past history of the company, post a negative corporate influence on political governance, national development and environmental governance in countries it has operated. This puts Ghana's environmental wellness at high risk.

ExxonMobil has been criticized for its slow response to cleanup efforts after the 1989 Exxon Valdez oil spill in Alaska, widely considered to be one of the world's worst oil spills in terms of damage to the environment. ExxonMobil has a history of lobbying for climate change denial and against the scientific consensus that global warming is caused by the burning of fossil fuels. The company has also been accused of improperly dealing with human rights issues, influence on American foreign policy, and its impact on the future of nations.

With such a powerful entity entering into a country where it is very easy to buy 'a seat to sit close to the President of the republic', one could imagine how bleak the future looks for the country.