

## **Dangers of ExxonMobil's Presence Amidst It's Financial and Technical Abilities.**

Isaac Ayertey

In 2015, the Government of the Republic of Ghana entered into a Memorandum of Understanding (MoU) with ExxonMobil for acquisition of Petroleum Exploration and Production rights over the Deepwater Cape Three Points (DWCTP) Block. In January 2018, a deal was signed for the exploration to begin after parliamentary ratification. This is the first deal to be signed for oil exploration after the International Tribunal for the Law of the Sea ruled the maritime boundary dispute between Ghana and Cote d'Ivoire in favor of Ghana.

ExxonMobil is the world's 10th largest company by revenue, and is also the seventh largest publicly traded company by market capitalization. The company was ranked ninth globally in the Forbes Global 2000 list in 2016. ExxonMobil was the second most profitable company in the Fortune 500 in 2014 and is regarded as the world's largest integrated international oil company with daily production of 3.921 million barrels of oil equivalent (BOE) and with a revenue stream of US\$218.6 billion as of 2016. ExxonMobil has been operating for over 135 years evolving from a regional marketer of kerosene in the US to the largest publicly traded petroleum and petrochemical enterprise in the world. Having all this financial muscle and experience makes ExxonMobil an ideal partner and investor in the Ghanaian oil production industry, knowing how capital intensive such a venture is.

Finance alone does not make one a formidable oil producer, since the technology and expertise involved are key aspects of the entire upstream process. Ghana's offshore

basin falls geologically within the West Africa transform margin, which is highly fragmented and has much of its potential in Ultra-Deep Water(UDW). The DWCTP block which was relinquished twice by Vanco Energy and Lukoil has since increased in its risks profile. ExxonMobil exploration's success in Payara license in Guyana will positively impact exploration success in DWCTP Block. Ultra-Deep Water exploitation is ahead of today's technology and, therefore, ExxonMobil with its strong Research and Development capabilities will be the right player needed to help develop and unlock the UDW exploitation potential. ExxonMobil being the lead operator holds an 80% stake in the exploration of the DWCTP while the Ghana National Petroleum Corporation holds a 15% stake. A local partner will be selected by ExxonMobil to hold the remaining 5%.

In spite of its sound financial strength in the global oil business operations, ExxonMobil has several negative environmental challenges regarding oil spills and being quite tardy in response to the cleaning up efforts. ExxonMobil's environmental record and its history of lobbying for climate change denial and against the scientific consensus that global warming is caused by the burning of fossil fuels, has been a cause of criticism for many years from organizations like the environmental lobby group Greenpeace. The 1989 Exxon Valdez oil spill resulted in the discharge of approximately 11 million US gallons (42,000 m<sup>3</sup>) of oil into Prince William Sound, oiling 1,300 miles (2,100 km) of the remote Alaskan coastline. The spill "is widely considered the number one spill worldwide in terms of damage to the environment". The lifeless bodies of over 35,000 birds and 1,000 sea otters were found. Because dead animals often sink to the ocean floor, it is estimated that the death toll may be 250,000 seabirds, 2,800 sea otters, 300 harbor seals, 250 bald eagles, and up to 22 killer whales. Billions of salmon and herring eggs were also killed.

Exxon was widely criticized for its slow response to cleaning up the disaster. In April 2012, a crude oil pipeline, from the Exxon Corp Baton Rouge Refinery, burst and spilled at least 1,900 barrels of oil (80,000 gallons) in the rivers of Point Coupee Parish, Louisiana. On June 14, 2012, a bleeder plug on a tank in the Baton Rouge Refinery failed and began leaking naphtha, a substance that is composed of many chemicals including benzene. After the spill, people living in neighboring communities reported adverse health impacts such as severe headaches and respiratory difficulties. Many other spills from the ExxonMobil corporation have been recorded, along with the firm's somewhat nonchalant response to cleaning up the mess and settling those affected by the externality. This should stir up some level of fear in us now that ExxonMobil has signed a deal to bring its rigs and drills into our waters.

Ghana has been a fishing nation since 1700s (Bank of Ghana, 2014; Atta-Mills et al., 2004). The Bank of Ghana (2014) reports that Ghana has a 550-kilometer coastline which stretches from Aflao in the East to Half Assini in the West with a total continental shelf area of approximately 24,300 squares kilometers. These together grant a vibrant fishing industry for the Ghanaian economy. Fishing activities are the mainstay of the coastal dwellers in Ghana. Fishing activities play the critical role of poverty reduction and livelihood sustenance support in the coastal areas of the country (Sam, 2014). The (Bank of Ghana, 2008) also reports that fishery is one of Ghana's most important non-traditional exports. The bank maintains that fisheries account for over 50% of earnings from non-traditional exports. Earnings from fish and fish products serve as foreign exchange and revenue for government (MOFA, 2011; Bank of Ghana, 2014). This, thus, brings to the fore that the fishing industry is a significant contributor to the economic growth and

development of the country both at the macro and micro level. With ExxonMobil's oil spill and clean up history, the Ghanaian society and economy would suffer a severe blow should there be an upstream accident from their oil production in our waters. Ghana has all the right laws governing various sectors of the economy but implementation of such laws has always been the challenge. This lack of implementation mainly stems from corrupt practices on the part of those in charge of the implementation. With the deep pockets of ExxonMobil, they can easily bribe their way out of any situation that goes against them and this is an issue we as a people should be worried about.

ExxonMobil has also been the target of accusations of improperly dealing with human rights issues, influence on American foreign policy, and its impact on the future of nations. A July 2012 review of Steve Coll's book, *Private Empire: ExxonMobil and American Power*, in The Daily Telegraph says that he thinks that ExxonMobil is "able to determine American foreign policy and the fate of entire nations". Another review in The Economist describes the company's power in dealing with the countries in which it drills as "constrained". These statements should not be taken lightly at all since the oil industry is one where money is power and ExxonMobil happens to be a strong in that area.

The best we can do as a nation to ensure transparency and accountability is to make every essential activity between ExxonMobil and the Industry players representing us open and readily available to the public. People with technical expertise, institutions and Think Tanks would peruse their activities and raise red flags where necessary to generate a public outcry. Our institutions like the Petroleum Commission (PC) and the Environmental Protection Agency (EPA) should also be provided with the logistics and personnel to enable them carry out their mandate without easily being coaxed or bullied.

## SOURCES

1. <https://www.myjoyonline.com/business/2018/January-16th/govt-gives-details-on-petroleum-agreement-with-exxonmobil.php>
2. <http://citifmonline.com/2018/01/11/exxonmobil-commence-operations-ghana/>
3. <http://www.reportingoilandgas.org/the-good-and-ugly-of-exxon-mobil/>
4. <https://en.wikipedia.org/wiki/ExxonMobil>
5. Atta-Mills, J., Alder, J. and Sumaila, U. R. (2004). The decline of a regional fishing nation: The case of Ghana and West Africa. *Natural Resources Forum*, 28: 13-21.
6. Bank of Ghana (2008). *The Fishing Sub-sector and Ghana's Economy*. Accra: Research Department, Bank of Ghana.
7. Bank of Ghana (2014). *Annual Report*. Bank of Ghana, Ghana.