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Contents

Enhancing Anambra State Revenues by Exploiting the Hydrocarbon Revenues Allocation Principles

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ABSTRACT

With regard to enhancing the benefits of Nigeria's hydrocarbon revenues, this paper delved into:

1. the review of Petroleum Trust Fund, PTF in connection with exposing the obvious disregard of fiscal federalism structure on pooling and allocation of the PTF;

2. the evaluation of the extra funding accruing to the nine oil-producing states from the perspectives of oil derivation and social investment funds, all aimed at disclosing the compelling force likely to induce oil exploitation activities by states harbouring oil and gas reserves; and

3. the examination of oil and gas deposits in Anambra State as they have the potential of enhancing hydrocarbon revenues for Anambra State, as this report will reveal.

It is expected that this work will sensitise and expedite Anambra State Government's action for enhancing hydrocarbon revenues by actualising the exploitation of proven petroleum reserves harboured in Anambra State.

1.0 INTRODUCTION

Money is a scarce commodity says Economists. Governments, corporate bodies, household units and individuals need money to provide for the necessities of life. To meet the needs of the teeming population of the governed, government needs to broaden its public revenue base.

For Anambra State that is 9 years old and lacks basic infrastructure, hydrocarbon revenues need to be exploited to enhance the poor level of the existing infrastructure.

Hydrocarbon revenues embrace:

1. the Petroleum Trust Fund, PTF derived from the marginal increase in October 1994, of the domestic pump price of refined hydrocarbon products.
2. the 13 percent derivation fund accruing to hydrocarbon producing states, currently allocated in accordance with the Constitutional provision and the provisions of the Niger Delta Development Commission, NDDC Act of A.D 2000 recently passed into law by more than two-third majority of the members of Senate and House of Representatives respectively.

The newly passed NDDC Act of A.D. 2000 would likely give rise to the following consequences:

1. It would enhance revenues and economic development for oil producing States of Nigeria.
2. It would compel non-oil-producing States to strive for the exploitation of any proven reserves of oil and gas.
3. It will drive both producing and non-producing states to prospect, explore and exploit oil and gas deposits.

Fortunately, Anambra State has proven oil and gas reserves in the Anambra Main Basin; and the commencement of exploitation of the proven reserves will no doubt launch Anambra State into the league of oil-producing states of Nigeria. Thus this will enhance its revenue base in addition to providing the engine for enhanced economic development of the state. To this end, this paper is arranged into the following objects:

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1. the structure of Nigeria's fiscal federalism and revenue sharing.
2. the turning points and background of the NDDC Bill.
3. the extra funding of oil-producing states
4. the hydrocarbon deposits in Anambra State
5. Discussion
6. Conclusion and Recommendation

2. STRUCTURE OF FISCAL FEDERALISM AND REVENUE SHARING

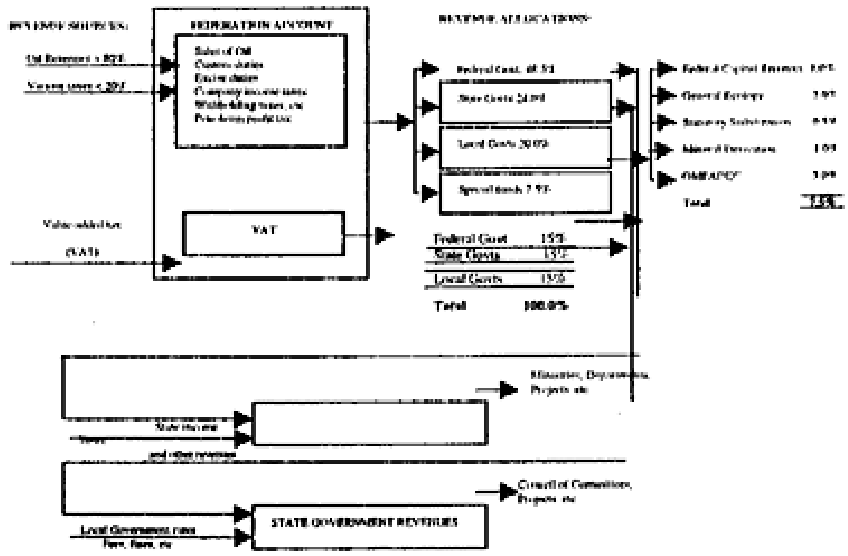

Figure 1: A representation of the revenue sources and allocation formulae to the three levels of the Nigeria Government before the constitution came into effect in May 29, 1999.

The structure of the fiscal federalism and the federal revenue-sharing structure is represented in figure 1. From the figure 1 above, the sources of the federal government revenues that accrue into the Federation Account are:

a. Oil revenue, which accounts for more than 80 percent, of the total government revenues.
b. Various taxes accounting for less than 20 percent of government finances, and are made up of the following:

2.1 THE FEDERATION ACCOUNT

The Federal Republic of Nigeria consists of three levels of governments, namely:

a. the Federal Government
b. the 36 state Governments plus the Federal Capital Territory, FCT.
c. The 774 Local Government Areas, LGAs.

i. custom duties
ii. excise duties
iii. corporate income taxes and petroleum profit tax
iv. with-holding tax
v. value-added tax

From the Federation Account, all the federally collected revenues except the VAT are distributed to the three levels of government and the special fund according to the percentages shown. The 7.5 percent Special Funds (figure 1) is shared into five separate subheadings, namely the Ecology fund, the Federal Capital Territory, (FCT

Fund.) the Mineral Derivation Fund, the Mineral Producing Areas Fund, OMPADEC, and the Statutory Stabilisation Account (IMF, 1997:19)

The Federation Account distributed to each of the 36 States and each of the 774 Local Governments is based on the allocation formula that considers:

equality	...	40%
population	...	30%
social development	...	10%
land mass	...	10%
internal revenue mobilisation efforts	...	10%

In addition to the Federation Account allocations, the revenues generated from the VAT is shared among the Federal 15 percent, the State Governments 50 percent and Local Governments 35 percent (see figure 1)

Besides the Federation Account allocations, the 36 States plus FCT Abuja raise their own revenues from income taxes, fees and fines. For the 774 Local Governments, apart from the Federation Account allocation, additional revenues are raised from various rates and tolls. However, Local Governments impose a multiplicity of tolls and rates that are dubious in the sense:

a. that they are duplications of other taxes and rates charged by either the State or other Local Governments.
b. that they are not backed by any form of law or edict. Example is the car radio tax/licence for which Local Government touts mount roadblocks and embarrass road users.

2.2 THE PETROLEUM TRUST FUND, PTF

Before the coming into force of the 1999 Constitution on May 29, 1999, the Petroleum Trust Fund famously known by the acronym PTF was independent of the Federation Account. Staggering amounts of public revenues realized from the marginal increase in October 5, 1994, of the domestic prices of petroleum products were pooled into the PTF and managed separately from the federation Account. Table 1 shows the estimated revenues realizable for 1995, 1996 and 1997 fiscal years, by the PTF from the marginal increase in the prices of petroleum products, namely gasoline, fuel, diesel fuel and domestic kerosene. However, the estimates of PTF revenues for the periods covering October to December 1994, January-December 1998, and January-May 29, 1999, are not included in the table under review.

Table 1: PTF Revenues realizable from the incremental prices of petroleum products for 1995, 1996 & 1997 fiscal years.

Revenue from domestic consumption of Gasoline Fuel

Year	Weight (Metric tonnes)	Volume (Litres)	Incremental Price (11.00-3.25) per litre	Annual Revenue ₦
1995	4,126,370	5,498,923	₦7.75 per litre	42,616,427,900
1996	2,870,160	3,824,840,085	₦7.75 per litre	29,643,510,440
1997	3,288,280	4,381,342,964	₦7.75 per litre	33,980,057,930

Revenues from domestic consumption of Diesel Fuel

Year	Weight (Metric tonnes)	Volume (Litres)	Incremental Price (9.00-5.25) per litre	Annual Revenue ₦
1995	2,090,930	2,387,025	₦3.75 per litre	7,756,978,331
1996	1,398,020	1,420,958,896	₦3.75 per litre	5,287,518,912
1997	1,660,570	1,912,468,388	₦3.25 per litre	6,290,521,936

Revenues from domestic consumption of Kerosene Fuel

Year	Weight (Metric tonnes)	Volume (Litres)	Incremental Price (9.00-3.00) per litre	Annual Revenue ₦
1995	1,851,290	2,228,931,353	₦6.00 per litre	13,373,588,120
1996	725,350	882,850,536	₦6.00 per litre	5,297,103,216
1997	862,800	1,050,146,056964	₦6.00 per litre	6,300,876,338

Summary

Year	Annual Revenues from gasoline fuel ₦	Annual Revenues from diesel fuel ₦	Annual Revenues from kerosene fuel ₦	Annual Total Revenue ₦
1995	42,681,427,900	7,756,978,331	13,373,588,120	63,795,932,350
1996	29,642,580,000	5,287,518,912	5,297,103,216	40,227,132,790
1997	33,980,057,930	6,290,521,936	6,290,521,936	46,541,456,240

Source: Estimates of PTF Revenues were calculated from the figures on key petroleum statistics extracted from Federal Office of Statistics, FOS, Review of the Nigerian Economy 1997, Statistical Information for the Nation, July 1998, p.73.

The PTF was spent on public projects such as road construction/rehabilitation, water supply, provision of drugs to public hospitals, construction of trade fair complexes, army and police barracks, rehabilitation of educational institutions and hospitals, and provision of agricultural infrastructure.

Unlike the Federation Account allocations that is well defined, the Nigerian public did not know the formula for the sharing of the various public projects funded by the PTF. Subsequently, the sharing of the PTF projects in accordance with the reflection of federal character of Nigeria remained in doubt. This has given rise to public distrust about the equitable distribution of the PTF projects among the States and Local Governments of Nigeria.

projects, and the unrealized allocations to the three tiers of governments (Table 2), this paper recommends that after the stock take and audit exercise being carried out by the

Table 2 shows the amounts which the three levels of Government would have realized in 1995, 1996 and 1997 fiscal years if the colossal sums of money that were pooled into the PTF were allocated using the existing revenue allocation formula.

		1995 (billion N)	1996 (billion N)	1997 (billion N)
Total available for sharing		63,746,937,350	40,227,132,790	46,541,456,240
Shared as follows:				
Federal Government	48.5%	30,917,264,610	19,510,159,400	22,572,606,280
State Governments	24.0%	15,299,264,960	9,654,511,869	11,169,949,500
Local Governments	20.0%	12,749,387,470	8,045,426,558	9,308,291,248
Federal Capital Territory	1.0%	637,469,373.5	402,271,327.9	465,414,562.4
Ecology Fund	2.0%	1,274,938,747.0	804,542,655.8	930,829,124.8
Statutory Stabilization	0.5%	318,734,686.8	201,135,663.9	232,707,281.2
Mineral Derivation	1.0%	637,469,373.5	404,271,327.9	465,414,562.4
OMPADEC	3.0%	1,912,408,121.0	1,206,813,984.0	1,396,243,687.0
	100.0%	63,746,937,350.0	40,227,132,790	46,541,456,240.0

Section 162 – (1) of the Constitution of the Federal Republic of Nigeria (Promulgated Decree 1999 states that:

The Federation shall maintain a special account to be called THE FEDERATION ACCOUNT into which shall be paid all revenues collected by the Government of the Federation except the proceeds from the personal income tax of the personnel of the armed forces of the Federation, the Nigerian police Force, the Ministry or Department of Government charged with the responsibility for Foreign Affairs and the residents of the Federal Capital Territory, Abuja.

With the coming into force of the Constitution in May 29, 1999, the Federal Authorities have:

a. transferred the PTF into the Federation Account as provided by the constitution.
b. Set up an Interim Management Committee (IMC) to wind-up the activities of the PTF.

However, given the staggering amounts of public revenues (table 1) spent on the PTF

Interim Management Committee of the PTF, any imbalances arising from the inequitable allocations of the PTF projects should be redressed appropriately before the winding up of the PTF by the Federal Authorities.

Of course, to enhance the capital-intensive infrastructural development for the 9-year-old Anambra State, the Government should re-evaluate its benefits from PTF vis-à-vis the principle of fair sharing with a view to seeking an appropriate redress.

3. THE TURNING POINTS AND BACKGROUND CAUSE OF THE NIGER DELTA DEVELOPMENT COMMISSION, NDDC BILL.

3.1 HISTORICAL PERSPECTIVES

The Niger Delta is Nigeria's principal oil and gas region from where Nigeria derives over 90 percent of its foreign exchange earnings.

The bloody Ogoni conflict in the Niger Delta and the eventual tragedy of Mr. Ken Saro-Wiwa in 1994, which attracted the world's attention, may be noted as the turning point in the journey towards the NDDC Bill. Consequently, these ugly events were pointers as to the lack of commitment to human rights and environmental protection of Shell Nigeria and the Federal Government in the course of oil/gas exploration and exploitation in the Niger Delta. Thus the smouldering of tension and conflict in the region meant bad news for oil producing companies, Federal Government and the host communities of the Niger Delta.

However, the spectacular and most significant turning point in the history of the journey towards the NDDC Bill was the "two-million-man march" in 1998. The two-million-man-march was an extravaganza rally held at Abuja and tagged YOUTHS EARNESTLY ASK FOR ABACHA.

It was a widely publicized rally that enjoyed the publicity of Cable News Network, CNN. It was also a government-mobilised and police protected public procession. The rally was believed to have emulated the one-million man march led by Louis Farakhan to Washington D.C., USA Capital in 1996. The aim of the two-million-man rally was to ensure that the Head of State, General Abacha metamorphosed into a civilian President, in the government's guided democracy-transition process. In this regard, two million youths from all parts of the country including Niger Delta region were freely transported to Abuja to demonstrate their support for the Abacha Civilian Presidency. The rally was of course one of the last campaigns to turn the planned presidential elections into a referendum that would usher in General Abacha as the civilian President of Nigeria. This obviously was the expectation since all the political parties endorsed General Abacha as their presidential candidate – thus a demonstration that the Nigerian political class was for sale in the government – guided demonstration process.

However, the youth rally has immense relevance in the developmental background of the NDDC Bill, as this paper will soon show.

For the youths from the Niger Delta who took part in the extravaganza rally, the visit to Abuja Nigeria's new capital was a turning point. The exposure at Abuja rally revealed the magnificent buildings, good road network and other infrastructure which oil money could provide. Consequently on their return to their home communities with a seemingly obvious feelings of oppression, deprivation and marginalisation inadvertently inculcated by the sightseeing at Abuja, militant youths' violence escalated in the Niger Delta oil-producing communities. Thus the vandalization of oil facilities, shutdowns of facilities, hostage takings, etc by militant Niger Delta youths got on the increase. No matter the host oil-producing communities involved or the oil-producing companies involved, crisis in the Niger Delta communities were similar. Examples:

a. At Ogoni land, River State, the activities of Shell Nigeria were usually disrupted by the hostile Ogoni host community, or the militant Movement for the Survival of Ogoni People, MOSOP over the alleged Shell's insensitivity to their plight.
b. At Eket in Akwa Ibom State where Mobil Producing Nigeria Unlimited operates, the menaces by irate youths were common occurrences.
c. At Warri in Urhobo/Itshekiri community in Delta State where Chevron Nigeria Limited has its activity base, the disruption by rampaging youth uprisings were the same. The NNPC facilities were not spared, as the most spectacular incidences in Delta State were the Jesse town fire incident of 1998 and the recent Oviri Court fire incident of A.D 2000, all of which were consequences of oil pipeline vandalization by youths.
d. Similarly, Izombe in Imo State where Addax Petroleum Development Company (former Ashland Oil Company) has its oil

wells, the story of youth's uprising was the same.

c. At Odi, an Ijaw ethnic community in Bayelsa State, hostage takings, incessant molestations, killing of security agents, rigs/facility shutdowns by militant youths, and the subsequent response by military bombardment ordered by the federal government in 1999 November were on record.

3.2 NIGER DELTA CRISIS REMEDIATION

Government effort to address the aggravated tensions in the Niger Delta region was reflected in the 1999 Constitution, which came into force on May 29, 1999. Section 162-(2) of the Constitution stipulated that "the principle of derivation shall be constantly reflected in any approved formula as being not less than 13 percent of the revenue accruing to the Federation Account directly from any natural resources."

On May 29, 1999, part of the Mr. President's inaugural address was about the remediation of the harm done to the Niger-Delta communities. Unfortunately however, while the inaugurations of the civilian governments were taking place at Abuja and the various State capitals, destruction of lives and properties by militant youths was taking place in Warri, Delta State. This necessitated the visit of Mr. President to Warri on the first emergency national assignment outside Abuja, barely 12 days after assuming office as President.

The turning points in the history of the Niger Delta crisis discussed above made urgent the need to present to the National Assembly a bill that would address the Niger Delta escalated crisis. Consequently, the NDDC bill was among the first set of three bills forwarded by the Presidency to the National Assembly soon after taking office in 1999. This was again facilitated by the military bombardment of Odi, which added impetus to the NDDC bill. The Senate raised an investigation team headed by the Senate President and charged with investigating the situation at Odi town. No doubt the findings of the Senate investigation team contributed in accelerating not just only the passing of the NDDC bill but also the later overriding of the Presidential veto by the National Assembly.

3.3 EXPECTED BENEFITS OF THE NDDC LAW

The progress in the democratisation of governance in Nigeria has led to the recent overriding of the Presidential Veto on the NDDC Bill by the members of the Houses of Representatives and Senate. The lawmakers invoked Section 59 of the Constitution after barely three months delay of the NDDC bill, which had been passed, forwarded, and left pending at the Presidency. Section 59-(4) of the Constitution states, "Where the President within thirty days after the presentation of the bill to him, fails to signify his assent, or where he withholds his assent, then the bill shall again be presented to the National Assembly sitting at a joint meeting, and if passed by two-thirds majority of members of both Houses at such joint meeting, the bill shall become law and the assent of the President shall not be required".

Going by the NDDC Act, which came into law by the act of legislation involving the invocation of Section 59 of the Constitution to override the Presidential Veto, the following are the expected benefits of the law:

(a) With the NDDC law, NDDC becomes a legal entity charged with the basic responsibilities of providing all the basic needs of the Niger Delta region such as roads, water, electricity, health facilities and qualitative education.

(b) The funding for the NDDC will accrue from:

i. 13 percent derivation fund which involves on-shore and off-shore revenues from annual crude oil production.

ii. 3 percent out of the 5 percent of oil companies annual budgets usually devoted to community development projects which would henceforth be paid to NDDC.

The expectation is that the NDDC as the vehicle of development will translate the funds accruable to it into better living standards for the people of Niger Delta region.

4. EXTRA FUNDING OF OIL PRODUCING STATES

4.1 OIL DERIVATION FUND

In May A.D. 2000, the Federal Government commenced the implementation of the 13 percent derivation principles with the payment to the nine oil-producing states of the total sum of ₦7, 527,349,154.48 for the months of January and February A.D. 2000.

Table 3 shows the analysis and ranking of the Derivation Fund Allocation to the oil-producing states with regard to:

(a) the percentage of the total fund allocated
(b) the per head of allocation to each of the oil-producing states.

States	Allocations (₦)	Population A.D. 2000	Percentage of total population %	Per capita Allocation (₦)	Ranking according to per capita
Bayelsa State	1,369,578,596.61	2,541,384	9.21	539.00	1st
Rivers State	1,369,578,596.61	2,865,817	10.38	478.00	2nd
Ondo State	531,062,010.20	4,749,464	17.20	112.00	3rd
Delta State	258,709,078.74	3,250,289	11.17	80.00	4th
Imo State	189,726,835.44	3,118,726	11.30	61.00	5th
Abia State	105,458,161.65	2,934,100	10.63	36.00	6th
Edo State	43,666,153.45	2,725,215	9.87	16.00	7th
Akwa Ibom	1,639,396.76	3,023,341	10.95	0.55	[illegible]
Cross River	173,129.03	2,398,104	8.69	0.07	[illegible]
Total	7,527,349,154.48	27,606,440	100.00		

Sources: (1) percentage and per capita allocations were calculated from the figures of January and February arrears of the 13 percent on-shore derivation fund allocated to the oil-producing States as published by The Leader Newspaper, May 14, A.D. 2000, p.2
(2) Population figures were 1991 National Census data obtained from Statistical Bulletin Central Bank of Nigeria, vol.6 No.1 June 1995, and projected to A.D. 2000 at the growth rate of 2.83 percent per annum.

Because economic development is centred on people, frequently measured as GDP or GNP per capita, table 3 centred its analysis of the oil derivation on allocation per capital basis. To this end, Bayelsa State, which ranks top in the table, demonstrates that it has the highest economic development potential with regard to the 13 percent oil derivation principles. On the other hand, Cross River State demonstrates having the least economic development potential from the oil derivation fund's allocation. The exclusion of off-shore oil productions from the allocation of the 13 percent oil derivation fund may apparently be responsible for the least position of Cross River State in the table.

4.2 SOCIAL INVESTMENT FUND

In view of sustainable development policy, upstream oil-producing companies devoted 5 percent of their annual spending to the development of host oil-producing communities for the 1998 fiscal year.

Table 4: Shell's Community Spending 1998

Expenditure heading	Amount (US Dollars)	Average Exchange Rate (₦/US $)	Naira Equivalent (₦)	Percentage of the total (%)
Health Care	5,700,000	86.0000	490,200,000	13.38
Vocational Training	1,000,000	86.0000	86,000,000	2.35
Science Teachers Scheme	300,000	"	25,800,000	0.70
Agriculture	2,800,000	"	240,800,000	6.57
Water Schemes	4,200,000	"	361,200,000	9.86
Classroom Blocks	4,200,000	"	361,200,000	9.86
Science Blocks	600,000	"	51,600,000	1.40
Roads	7,500,000	"	645,000,000	17.64
Market Stalls	800,000	"	68,800,000	1.88
Grants & Donations	1,300,000	"	111,800,000	3.05
School Furniture	800,000	"	68,800,000	1.88
Science Equipment	400,000	"	34,400,000	0.94
Warri Drainage	300,000	"	25,800,000	0.70
Sandfilling	5,000,000	"	430,000,000	11.74
Town Hall	1,100,000	"	94,600,000	2.58
Electrification	400,000	"	34,400,000	0.94
Tertiary & Secondary Scholarships	1,700,000	"	146,200,000	4.00
Others	4,500,000	"	387,000,000	10.56
Total =	42,600,000		3,663,600,000	100.00

Source: Naira conversion and percentage computation of Shell's Community Spending for 1998 was from the figures in *Community Spending Profile*, Annual Report 1998 (People and the Environment), p.17.

Shell's commitment to a sustainable development policy involving balancing economic interests with environmental and social responsibility was partly a show of good corporate citizenship and partly a resolve to abate the increasing rate of community disturbances in the Niger-Delta region which disrupt oil-production activities. Nonetheless the gesture on Shell's Community Spending is commendable given the staggering ₦3.6 billion (US Dollars 42.6 million) spent in 1998 fiscal year. Further reports from Shell indicates that in 1999 Shell's Community Spending increased to US Dollars 52 million implying a 20 percent rise over the 1998 figure.

However, the NDDC Act of A.D. 2000, provides that 3 percent out of 5 percent of oil companies annual budgets usually committed to community development projects be paid to NDDC. In this regard, the author is worried about the possibility of clash of the ongoing social investments in the Niger Delta by the oil-producing companies with the expectant NDDC projects.

Given the extra revenues distributed to the nine oil-producing states (table 3) on the basis of the Constitutional Derivation Principles and the NDDC Act of A.D. 2000, and the Social Investment made on the basis of Sustainable Development Policy exemplified in table 4, non-oil producing states will be compelled to enhance their economic development potentials by looking inwards towards oil and gas prospecting and production.

Anambra State has proven oil and gas reserves that are capable of enhancing its economic development potentials when production is commenced.

5. HYDROCARBON DEPOSITS IN ANAMBRA STATE

5.1 PROVEN OIL AND GAS RESERVES

As neither the Constitution nor the new NDDC Act of A.D. 2000 provides for derivation allocations to States harbouring strategic oil reserves. It would be of urgent necessity for Anambra State to strive towards the commencement of the exploitation of its proven oil and gas reserves. Table 5 shows the Nigerian seven main sedimentary basins with some information on size/prospectively, main reservoirs, exploration status, operators, and remarks. The status report about Anambra Main Basin as at December 1998 reveals proven oil and 705 billion cubic feet of gas from two discovery wells (Table 5).

Table 5: Nigeria's main Sedimentary Basins

	Main Basin	Size & Prospectivity	Main reservoirs/Hydrocarbon Habitat	Status	Operators	Remarks
1	Anambra (Cretaceous)	Oil & condensate: 1billion STB. Gas: Over 1 trillion TCF	Ajali sandstones	Proven oil & 705 billion cubic feet of gas from discovery wells. 18 wells drilled to date.	EK, Shell.	High geothermal gradient, 19 blocks.
2	Benin (Dahomey) Embayment (Cretaceous)	Proven hydrocarbon: 5m barrels of oil & 1 trillion cubic feet of gas	Mainly stratigraphic with minor structural/fault control.	Interest/Scramble by many operators. 1 discovery well in 1996.	Yinka Folawiyo (indigenous operator) backed by Abacan Resources of Canada	Extends across the Nigerian Benin border to Seme field. 18 blocks.
3	Benue (Cretaceous)	60,000sq.km/Estimated hydrocarbon vol. 500m barrels	Asu River Group	Relatively unexplored. Over 3000km of 2D seismic. Shell's well Kolmani – 1 spudded mid march 1999	Chevron, EM and Shell commenced exploration 1994 in the Gongola Sub basin.	Ongoing exploration activity 29 blocks.
4	Bida (Cretaceous)	70,000 sq. km.		Relatively unexplored, although large acreage holdings have been established.		18 blocks.
5	Chad (Cretaceous)	35,000 sq. km.	Tight reservoirs.	Active exploration. Over 27,000km of 2D seismic data, and 24 well with marginal shows in well Wadi –M	NNPC's Frontier Exploration services (FES)	Improved seismic techniques required for further basin evaluation. 18 blocks.
6	Nigeria Delta (including the relatively new concessions in the Nigeria in the Nigerian deep waters) (Tertiary)	75,000 sq. km of sedimentary basin fill, and over 12km thickness in its central part. Recoverable hydrocarbon: over 20 billion bbls. Of oil and 120 trillion cu. Ft. of gas.	The paralic Agbada formation which lies between the base continental and the source rock Akata formation.	Mature hydrocarbon province with vast potential still.	57 indigenous and all major multinational companies including shell, Mobil, EK, Chevron, Texaco, and Agip.	One of the prolific hydrocarbon provinces in the world. Five major depo belts with a few major sub divisions. 164 blocks.
7	Sokoto (Cretaceous)	30,000sq. km.	Shallow basin with sedimentary thickness between 500 and 1500 metres.	Exploration activities by EP and Mobil. Over seismic acquired by EK		

Source: NNPC/National Petroleum Investments Management Services NPIMS (1997) Discover A new Nigeria, The Nigerian Oil and Gas Industry, Lagos. NNPC/NPIMS, p.21.

5.2 REPORTED PETROLEUM DEPOSITS

Besides the proven petroleum deposit in the Anambra Basin (table 5), Agip Nigeria Plc is reported to have discovered petroleum crude in commercial quantity in Ogwu-Aniocha, Ogwu-Ikpele and Akili-Ogidi communities of Ogbaru Local Government Area of Anambra State (Nwasikie, A.D. 2000: 15). Unfortunately these oil mineral areas were at the discretion of the Oil Company grouped in the neighbouring Delta and Rivers States, thereby denying Anambra State and Ogbaru LGA of the prospects of oil revenue (Nwasike, A.D. 2000: 15). In this regard, the Governor of Anambra State and the Chairman of Ogbaru LGA should take positive actions, not verbal expressions, in seeking redress to the alleged ceding of the Anambra State Communities petroleum deposits to neighbouring Delta and harbouring Rivers States by Agip Nigeria Plc.

6. DISCUSSION

The struggle for the commencement of the exploitation of oil and gas reserves by states harbouring the strategic oil reserves may not be an easy one. This may be so because by virtue of the 1969 Petroleum Act and the 1999 Constitution, the Federal Government has exclusive ownership of petroleum and mineral resources and can grant right to exploit or participate in joint exploitation with any company (NNPC/NPIMS, 1999:34). In this regard, the role of the Federal Government in the Petroleum industry is both regulatory and direct involvement in oil exploration and exploitation businesses, with oil companies operating as minority joint venture partners. Consequently, the Federal Government as majority interest partner apparently does not have huge investment capitals to contribute in all the joint venture agreements, with its minority joint venture partners. The Federal Government's apparent failure to pay up its commitment tends to frustrate investments in the oil and gas industry. Example, the delays experienced in the realization of the scheduled dates of gas utilization projects such as the Nigerian Liquidified Natural Gas, NLNG, and the Aluminum Smelter Company of Nigeria, ALSCON, may apparently be primarily due to Federal Government's supposed failure to pay up its own side of the commitment as the majority partner in the joint ventures.

With this in view, the new civilian Federal Government may have arrears of investment commitments to pay up in the petroleum exploration and exploitation businesses. This may constitute the likely obstacles the Anambra State Government may encounter when it attracts investors for the commencement of exploitation of the petroleum reserves harboured in Anambra State.

The oil and gas industry employs only about 100,000 people. This gives a negligible percentage of 0.36 percent when compared with the average A.D. 2000 population figure for the nine oil producing states which stands at 27.6 million. Given this percentage, the expectation that the commencement of oil and gas exploitation, from the proven reserves in Anambra State will directly reduce unemployment for Anambra State, whose population estimate for A.D. 2000 stands at 3.5 million people, may be an over expectation. However, the enhanced hydrocarbon revenues expected from the exploitation of oil and gas reserves in Anambra State will provide government with extra revenues for funding the traditional employment alternatives such as the mechanization of agriculture and fishing, provision of basic infrastructure and social investments ,as the profile in table 4 shows.

Besides this, the commencement of exploitation of hydrocarbon from Anambra State would help in sensitising the authorities at Nnamdi Azikiwe University, Awka, on the need for the commencement of the Department of Chemical Engineering for both the training of manpower and for the supply of consultancy services to the oil producing and services companies likely to operate in Anambra State.

The apparent abandonment of federal character reflection in the allocation of PTF projects, involving staggering amounts of money standing at N62.75 billion for 1995, N40.23 billion for 1996, and N46.54 billion for 1997, and other fiscal years not estimated in this work, may have constituted acts of injustice to the sections of Nigeria neglected in the PTF distribution. This work suggests that Anambara State Government should establish the likely imbalances and subsequently seek appropriate redress with a view to getting its fair share of the infrastructure and social investment projects embarked upon by the PTF before the ongoing winding-up process is completed by the Federal Government.

7.CONCLUSION AND RECOMMENDATION

Given the policy of 'federal character' in the sharing of public interests, the colossal hydrocarbon revenues derived from the domestic consumption of refined hydrocarbon products for the PTF was allocated with disregard to the revenue allocation formula. It is recommended that the imbalance arising from the allocation projects should be established and redressed before the winding up of the PTF. It is expected that the government of Anambra State should be stimulated towards seeking its fair share of the PTF projects.

The compelling benefits of hydrocarbon revenues derivable from the derivation principles of Section 162 – (2) of the1999 constitution and the new NDDC Act of A.D. 2000 should stimulate and sensitise the struggles to commence the exploitation of the oil and gas reserves in the Anambra Main Basin. Besides, the Government of Anambra State should strive to redress boldly the alleged ceding of oil wells found in Ogbaru LGA of Anambra State to neighbouring Delta and Rivers States by Agip Oil Company.

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GUIDE TO CONTRIBUTORS

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2. All manuscripts must be typed double-spaced and submitted in triplicate, along with an MS-Word version disket containing the article. A separate list of references, which must be in Harvard style, should be used, and not made a part of the footnotes. Footnotes also must be double-space, and must be listed at the end of the paper.
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