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Research Article

### Politics of International Oil Companies (IOCs): Understanding PETRONAS Carigali Nile Ltd Exit From South Sudanese Oilfields

<sup>1</sup>Jacob Dut Chol Riak

#### About Article

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##### About Author

<sup>1</sup> Department of Political Science,  
University of Juba, South Sudan

Contact @ Jacob Dut Chol Riak  
[dutsenior@yahoo.com](mailto:dutsenior@yahoo.com)

#### ABSTRACT

The study has examined the politics of the International Oil Companies (IOCs), the case study of PETRONAS Carigali Nile Ltd. It does this by appraising the legal violations of PETRONAS Carigali Nile Ltd exit and farming out from South Sudanese oilfields. The study explains the politics of IOCs and particularly, PETRONAS Carigali Nile Ltd as dependent variable and independent variables such as legal violations of Petronas Carigali Nile Ltd, types of residual liabilities and responsibility of these liabilities. The study was subjected to stringent empirical literature review and the gaps in the literature were filled through fieldwork. During fieldwork, the methodology of research tools and instruments such as questionnaires and interview guides/schedules were deployed with target of 52 respondents. Persuasive and cluster type of sampling amongst the senior staff of Ministry of Petroleum (MOP), Nile Petroleum Corporation (NILEPET), Dar Petroleum Operating Company (DPOC), Sudd Petroleum Operating Company (SPOC) and Greater Pioneer Operating Company (GPOC) were applied. The study findings indicate that PETRONAS Carigali Nile Ltd has politicized and violated sections 12, 22, 23, 24, 41 & 42 of the Petroleum Act 2012. Various types of liabilities such as cost recovery audits, environmental audit, petroleum taxes, surface rentals, and cash calls should be taken care off by Petronas Carigali Nile Ltd or by a company that farms into its shares. While the study concludes that PETRONAS Carigali Nile Ltd exit and farming out has been politicized and violated the laws of the Republic of South Sudan, the study recommends that the Ministry of Petroleum should be held responsible for all the legal violations Petronas Carigali Nile Ltd have committed in South Sudan without any action. Whether Savannah Energy Ltd farms into Petronas Carigali Nile Ltd shares or not after the PETRONAS has exited, consequences should be rolled out for such violations so that no any other IOC can do it again in the near future in this volatile oil and gas industry.

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## 1. INTRODUCTION

Oil and gas industry has stayed and continued as an essential and critical global industry because of its international standards and specialized requirements, its depleting character, its capital, its labour and technological intensiveness. It is also a very strong industry because of its technical and commercial deals across its wide spectrum. The industry is presented in three-valued chains namely upstream, midstream and downstream which are also known as the segments of oil and gas industry. While these value-chains are very important, the upstream segment of oil and gas industry is more important. This upstream segment commences with exploration, appraisal, development, drilling, production and decommissioning which is widely known in the industry as abandonment or relinquished of oilfields. Exit take place either as a result of farming out of the company and termination of license or just relinquishing of the oilfields due to old age or just leaving of the oilfields and a country for best known reasons to the International Oil Company (IOC).

Once the investment in the oil and gas industry has taken place, particularly, with the International Oil Companies (IOCs) in a country, the exit, withdrawal or abandonment stage become very imperative. This is mostly achieved through farming out or termination of license. While exiting from the oilfield is the final stage in the upstream segment of the oil and gas industry, it is the most vital stage because it deals with either total or partial removal of installations and the restoration of the site of where exploration, drilling and production have taken place with an aim of environmental safety and protection of the people and living things around the area (Ayoade, 2002). The terms and conditions of exiting or farming out are stipulated in any statute as well as acts of parliaments and regulations of that particular country. Whether the regulator takes Norway, US or UK model, exiting has been spot-lighted as a very critical undertaking involving both the government as well as the contractor. In the context of South Sudan, no any farming out and exiting has taken place since the acquisition of oilfields from the Government of Sudan during the independence of South Sudan on 9th July 2011.

PETRONAS Carigali Nile Ltd commenced its investment in oil and gas industry in the Sudan and later on its assets were transferred to South Sudan during the independence of the Republic of South Sudan on 9th July 2011. Up to 80% of oil resources of Sudan were transferred to South Sudan (Riak, 2021). With three operating blocks in South Sudan, PETRONAS Carigali Nile Ltd holds 40% shares in Dar Petroleum Operating Company (DPOC) of block 3 & 7 in Paloch, Northern Upper Nile, 30% shares in Greater Pioneer Operating Company (GPOC) of block 1,2, & 4 in Ruweng Administrative Area and Unity State and 67.875% shares in Sudd Petroleum Operating Company (SPOC) of block 5A in Bentiu, Unity State. PETRONAS Carigali Nile Ltd is the first IOC in the history of oil and gas industry in South Sudan to declare its intention of exiting and withdrawing its shares from South Sudan. Nonetheless, this process of exiting and withdrawal is always taken with a lot of strictness as far as politics and legal compliance is concern because of dire consequences due to financial loss as well as environmental degradation. For example, this particular exiting and withdrawal has a lot of legal loopholes given that PETRONAS Carigali Nile

Ltd has ignored the provisions of the Petroleum Act, 2012, Exploration Production Sharing Agreements (EPSAs) and Joint Operation Agreements (JOAs) for all the blocks (1, 2 & 4, 5A and 3 & 7).

While PETRONAS Carigali Nile Ltd argues that it is not selling its shares per se but selling its company, this argument doesn't hold water as the Petroleum Act 2012 and the regulations don't permit the selling of the company but only allow the selling of shares because of the responsibility of residual liabilities. Despite this, PETRONAS Carigali Nile Ltd went ahead and signed Shares Purchase Agreement (SPA) with Savannah Energy Ltd, a UK company based in London to buy Petronas assets to the tune of 1.25 billion United States dollars. This arrangement was found as quite political and interest-based given that it breaches the legal provisions of South Sudan. Although the Ministry of Petroleum (MOP) advised PETRONAS Carigali Nile Ltd to adhere to the laid down rules associated with exiting and withdrawal in South Sudan, Petronas Carigali Nile Ltd leadership failed to adhere to the critical advice and in-lieu, unilaterally exit thus withdrew from South Sudan without Ministry of Petroleum approval. Thus, why does PETRONAS Carigali Nile Ltd refuse to follow the laid legal procedures? Why does PETRONAS Carigali Nile Ltd officials interested in Savannah Energy Limited taking over its shares? Is Savannah Energy Ltd a credible company? Does PETRONAS Carigali Nile Ltd aware of residual liabilities of its work in South Sudan? Doesn't PETRONAS Carigali Nile aware as a contractor, it is responsible for residual liabilities? These questions shall be answered in this piece. The paper is structured as follows: section one introduces the paper. Section two discusses literature review. Section three discusses paper methodology. Section four discusses result, section five concludes and section recommends and give pointers for future research.

## 2. LITERATURE REVIEW

### 2.1. Concept of exit in oil and gas industry

Many oil and gas companies, particularly, International Oil Companies (IOCs) will exit the country and return to their mother countries for various reasons. One of the obvious reasons is the termination of license or voluntary decision by their countries' offices to return back. Exit refers to leaving or withdrawing from an agreed contractual obligation (Pereira, 2023). IOCs are supposed to exit the country on procedural manner. For instance, their exit should be guided by Exploration Production Sharing Agreements (EPSAs) and, International Model of Joint Operating Agreements (JOAs), amongst others. The exit or withdrawal may not relieve the seller or assignee from obligations and liabilities that it would have been responsible if it remained in the consortium (Olaniyi & Odhiambo, 2024). The adage that you cannot give it away holds true for many operations today, unless the seller or assignor contractually retains obligations and liabilities or is willing to risk having to pay for such obligations or liabilities, notwithstanding some contractual arrangement to pass such obligations or liabilities to the buyer or assignee. International Oil Companies (IOCs) seeking to exit oil and gas business must retain obligations and liabilities related to their previous operations as demonstrated above. For example, if



the Operating Committee or Management Committee votes to decommission facilities and equipment, and one or more of the parties elects to continue operations, those parties voting to decommission may remain liable for all acts and omissions that were conducted prior to the exit. This is the same with change of control. For instance, if a party subject to a change of control is unable to provide evidence reasonably satisfactory to the other parties that it has the financial capacity to satisfy its payment obligations, it may be required to provide security satisfactory to the other parties concerning its participating interest share of any obligations or liabilities that the parties reasonably may be expected to incur under the contract and the JOA during the then-current Exploration or Exploitation period or phase of the contract (Rwengabo, 2017).

What is more, in the context of an asset transfer, both the transferred and the transferring party are liable to the other parties for the transferring party's participating interest share of any obligations (financial or environmental) that accrued under the contract or the JOA before such transfer. Such obligations shall include any proposed expenditure approved by the Operating Committee or Management Committee before the transferring party notifies the other parties of its proposed transfer and (subject to an alternative provision provided in the model form International Operating Agreement) (shall also include) (but shall not include) costs of plugging and abandoning wells or portions of wells and decommissioning facilities in which the transferring party participated (or was required to bear a share of the costs pursuant to this sentence) to the extent such costs are payable by the parties under the given contract (Sen, 2018). Indeed, a party exiting or withdrawing from the JOA will have the contract providing security satisfactory to the other parties to satisfy any obligations or liabilities for which the withdrawing party remains liable, but which become due after its withdrawal, including security to cover the costs of decommissioning, if applicable. The required security must be satisfactory to the other parties and this provision is not qualified by a reasonable standard (Rwengabo, 2017). Among other obligations, an exiting or withdrawing party remains liable for all other obligations and liabilities of the parties or consenting parties, as applicable, concerning acts or omissions under the JOA before the effective date of such party's withdrawal for which such party would have been liable, had it not withdrawn. A notice of exit or withdrawal is unconditional and irrevocable when given, except where the Government does not approve a party's withdrawal and assignment. As written, as the withdrawal notice is unconditional and irrevocable, the withdrawing party will generally not know the security satisfactory to the non-withdrawing party at the time of its withdrawal notice, unless it negotiates such security prior to issuing a notice of exit or withdrawal (Olaniyi & Odiambo, 2024).

## 2.2. Concept of residual liabilities and legal approaches

After exiting has taken place. There is always a great need to look at the post-exiting issues. These issues include residual liabilities. Residual liabilities refer to any obligation or liability imposed on the licensee/operator or asset owner after the completion of the operation (Tim, 2021). While the residual

liabilities may fall under the responsibility of the licensee or the operator, this is not always the case. The residual liabilities may also fall under the responsibility of the State. In other jurisdictions, they may fall under the responsibility of both the licensee and the States. In most cases, residual liabilities include the following matters:

- i. Maritime environmental harms;
- ii. Responsibility for maintenance and repair;
- iii. Potential harm to fisheries;
- iv. Third-party liability or contingent liability and
- v. Compliance with future regulatory and legal requirements (Paterson, 2011).

## 2.3. Legal approaches to the residual liabilities

As argued above, residual liabilities are damages, losses or harms that have been committed by the licensee/operator (Bowman, 2001). Various legal jurisdictions, approaches or systems of residual liabilities can be grouped into three types based on who hold the responsibility:

### 2.3.1. Owner Centered Liability

This is whereby the responsibility of the liabilities is on the licensee. It is mostly known on the leitmotif of "polluter pays principle". In other words, the asset owner is liable for the liabilities after the decommissioning. Countries that mostly practice this type of legal approach include the United Kingdom, Brunei and the Netherlands. The United Kingdom has numerous laws that govern decommissioning procedures. These laws include the Petroleum Act 1987 (as amended), which requires government approval for decommissioning and abandonment plans; the Prevention of Oil Pollution Act 1972, which addresses oil spillages; and the Control of Pollution Act 1974, which regulates the disposal of specific spillages. Notably, several structures and installations in the UK North Sea have been decommissioned, with the most prominent case being Brent Spar, which significantly influenced regulations regarding decommissioning in the United Kingdom Continental Shelf, particularly emphasizing environmental protection. The UK Department Guidance Note, Section 17, stipulates that "residual liability remains with the owner in perpetuity" (UK Petroleum Act, 1998).

### 2.3.2. State Centered Liability

This is whereby the responsibility of the liabilities is on the State. The legal approach for decommissioning at the United States is entrenched in the federal level, state level and other departments that are parties to the regulation and follow-up of offshore decommissioning. It is important to note that at the federal level, the most essential institutions that have continued to participate in decommissioning processes are Department of Energy (DOE), Environmental Protection Agency (EPA), and the Department of Interior (DOI). This legal approach stipulates that all the operators that have decommissioning projects in the seabed are required to conform equally to federal and states regulations of the United States of America (Torabi & Tababaye, 2021).

### 2.3.3 Mediate Liability

This is whereby the responsibility of liabilities lies with both the State and the licensee or operator. The country that is mostly using this legal regime is Norway. In Norwegian



Petroleum Activities Act, of 1996, residual liabilities are mediated between the licensee/ operator and the State. Section 5 (4) stipulates that “in a situation of the decisions for abandonment, it should be agreed and approved between the licensees/owners on one side and the State on the other side in that, future maintenance, responsibility and liability shall be taken over by the State and the licensee based on a settled financial compensation” (Norwegian Petroleum Activities Act, 1996). Norway has multifaceted structures to decommissioning for idle assets, thus, the government has a mandate to take over some parts of decommissioning outlays to aid licensees via an economic package known as ‘grant method’ (Torabi & Tababye, 2021). The option of residual liabilities transfer as stipulated in Petroleum Activities Act, 1996 of Norway which has the merit of averting complicated losses connected to petroleum companies’ weakness to reimbursement. While liabilities are restricted, the danger of financial doubt for the industry and financial guarantors would significantly lessen. South Sudan has taken owner centered liability (UK) approach which places the responsibility of liabilities to the contractor. The contractor must take charge of all the liabilities after exiting or withdrawing from a country.

## 2.4. PETRONAS Carigali Nile exit and legal violations in South Sudan

### 2.4.1. Signing of Shares Purchasing Agreement (SPA) with Savannah Energy Ltd

Savannah Energy Ltd is a UK-based company operating in Niger, Nigeria, Chad, and Cameroon, with investments spanning North Africa and Sub-Saharan Africa. The purchase of shares is the initial step in any exiting, farming out or farming in agreement. However, the Sale and Purchase Agreement (SPA) is often not comprehensively addressed in existing laws and regulations. While these regulations may call for full disclosure of any farming agreements, the specifics of the SPA are typically and only mentioned vaguely.

In December 2021, Savannah Energy Ltd acquired the upstream and midstream assets of ExxonMobil and Petronas in Chad and Cameroon. This acquisition, facilitated by the SPA, faces significant legal challenges, particularly regarding trust and cash flow commitments from Savannah Energy Ltd (Capobianco *et al.*, 2021). In December 2022, Savannah Energy Ltd signed an SPA with Petronas Carigali Nile Ltd to purchase assets valued at approximately \$1.25 billion. However, the details of the SPA have not been made public, nor disclosed to the South Sudanese government, specifically the Ministry of Petroleum, which regulates the oil and gas industry in South Sudan. Savannah Energy Ltd officials have stated that they are acquiring the company Petronas Carigali Nile, rather than its shares, a claim that has been challenged, as acquiring a company typically entails purchasing its shares. Additionally, Savannah Energy Ltd has a track record of renegeing on agreements; in December 2020, the company entered into an SPA with Petronas to acquire upstream and midstream assets in Chad and Cameroon but later terminated the agreement (Khalidov *et al.*, 2021). Here is the explanation:

Completion of the proposed acquisition of assets in Chad and Cameroon remained subject to fulfillment of certain situation

precedents which have not yet been satisfied, and Savannah Energy and Petronas have therefore mutually agreed to terminate the SPA with immediate effect (Tim, 2021).

### 2.4.2. Lack of consent from the Ministry of Petroleum (MOP)

PETRONAS Carigali Nile Ltd and Savannah Energy Ltd conducted both farming out and farming in agreements without informing the Ministry of Petroleum. The Petroleum Act 2012 explicitly mandates that the Ministry must be notified of any decisions made by licensees or contractors in South Sudan’s oil and gas industry. Section 22 of the Petroleum Act 2012, subsection (1), states:

A contractor shall not directly or indirectly assign all parts of the contractual rights and duties under a petroleum agreement to a third party, including an affiliate, without the prior written consent of the Ministry of Petroleum (MOP) (Petroleum Act, 2012).

While this is quite clear as stipulated above, PETRONAS Carigali Nile violated this provision and interestingly the Ministry of Petroleum (MOP) is very slow in taking action against Petronas. The political reasons for MOP apathy are clear. The top leadership of the Ministry, being led by the Minister has a conflict of interest as it is alleged to have a hand in the coming of Savannah Energy Ltd to South Sudan.

### 2.4.3. Infringement on the preemption rights of NILEPET (NOC)

The rights of the National Oil Company (NOC) are crucial during the farming out and exiting processes of an International Oil Company (IOC). When an IOC intends to farm out and exit, it must inform the Ministry of Petroleum (MOP), which is then responsible for notifying the NOC about available shares for the government to farm in. If the NOC expresses interest and demonstrates the necessary technical and commercial capabilities, it will be permitted to farm in. However, if the NOC lacks the required technical and commercial expertise, the MOP may allow other interested companies with such capabilities to farm in.

Importantly, the preemption rights of the NOC, such as NILEPET, should be recognized first to assess its technical and commercial readiness. However, Petronas and Savannah Energy Ltd violated these preemption rights by failing to inform the MOP, which should have then notified NILEPET and given it the first opportunity to acquire PETRONAS Carigali Nile shares. This oversight has led NILEPET to challenge PETRONAS and Savannah Energy regarding this issue.

While farming in is essential for business, it is equally important to emphasize the recognition of local companies in expanding their operations. The rights of NILEPET to acquire Petronas shares have been undermined by behind-the-scenes deals between Savannah Energy and Petronas Carigali Nile. Section 23 of the Petroleum Act 2012 outlines the preemption rights of NILEPET as follows:

Where a contractor decides to dispose of all or part of its interest under a petroleum agreement, the National Oil Company (NILEPET) shall have the right and first option to acquire the interest on the same terms as agreed with the



potential buyer. If the agreed consideration is not monetary value, the National Oil Company shall have the right to pay the corresponding monetary value of the agreed consideration (Ibid).

The infringement of preemption rights of National Oil Companies (NOCs) is a frequent issue among contractors in the oil and gas industry. In 2005, ExxonMobil violated the rights of the Nigerian National Petroleum Company (NNPC) by secretly partnering with British Petroleum (BP). This arrangement was ultimately rejected by Nigeria's Ministry of Energy and Mineral Resources (MEPR) (Chisa, 2017). The farming out by ExxonMobil and the proposed farming in by BP did not proceed because the regulator, MEPR, was not informed. Additionally, Savannah Energy Ltd was involved in questionable deals, which led to their withdrawal once these practices were discovered (Anyatang & Kooffreh, 2021).

#### 2.4.4. Unsuitability of Savannah Energy

Savannah Energy Ltd has proven to be an unsuitable partner for farming in any oil and gas decommissioning projects globally. Despite having a substantial asset portfolio and a significant presence in North Africa and Sub-Saharan Africa, the company faces challenges regarding integrity. As discussed elsewhere in this paper, Savannah Energy canceled its Shares Purchasing Agreement (SPA) with Petronas in Chad and Cameroon for unclear reasons. Similar issues arose in Nigeria, where ExxonMobil and BP were unable to proceed with an SPA due to Savannah Energy Ltd's last-minute withdrawal without providing any details (Gordon, 2014).

#### 2.4.5. Overlooking of decommissioning clauses

All decommissioning clauses have been violated by PETRONAS Carigali Nile Ltd in its farming out activities and Savannah Energy Ltd in its farming in. For example, the Petroleum Act 2012, Section 41, regarding the decommissioning fund, stipulates that "the licensor and the contractor shall establish a decommissioning fund immediately after the approval of a plan for development and operation or the granting of a license for transportation systems, as prescribed in the regulations" (Petroleum Act, 2012).

However, neither the Ministry of Petroleum (MOP) nor PETRONAS Carigali Nile Ltd established a decommissioning fund, which constitutes a significant violation by both the regulator and the company. Decommissioning costs are notably high and typically arise when the field is no longer producing at optimal levels (Lubogo, 2021). Therefore, securing funds early for eventual decommissioning activities—ideally well in advance—is a crucial preparatory measure (Ibid).

Furthermore, section 42 of the Petroleum Act, 2012 on plugging and abandonment of Wells stipulates that the contractor shall submit to the Ministry of Petroleum immediate notice of any decision to abandon a Well (Petroleum Act, 2012). PETRONAS Carigali Nile Ltd did not submit any notice of any decision to abandon a Well to the MOP. This has surfaced as a serious violation of the Petroleum Act, of 2012, and the subsequent regulations. Once the abandonment cum decommissioning is done wrongly, it affects the environment severely (Khalidov *et al.*, 2021). While contractors are always in loggerheads with the

regulators on the abandonment, the regulators themselves have never been quick and responsive in addressing the mistakes of the contractors or the licensees (Sharp, 2009).

### 2.5. Types of Residual Liabilities in South Sudan

#### 2.5.1. Cost recovery audit

This concept in accounting refers to an approach where a company does not recognize any profit from a sale until the cash collected exceeds the cost of the goods or services sold (Basile, 2021). In other words, profits are recognized only when cash payments have fully covered the seller's costs. This relates to a liability associated with excessive costs incurred by the licensee during the exploration and production of hydrocarbon resources. In the context of South Sudan, Petronas Carigali Nile Ltd has a cost recovery liability of \$1.6 million. The company must recover this cost and remit it to the government before proceeding with any farming out or decommissioning activities in South Sudanese oilfields.

#### 2.5.2. Environmental audit

This is a review of the environmental pollution. So far, Dar Petroleum Company (DPOC), a consortium in which PETRONAS Carigali Nile Ltd has 40% shares in blocks 3 & 7 in Paloch has been piloted and audited. Severe environmental pollution has taken place at Paloch and the Ministry of Petroleum (MOP) is yet to announce the environmental audit results in term of monetary compensation. Unofficial statements indicated that environmental pollution liability for Petronas Carigali Nile already stands at 1.4 billion USD. This remains a liability to PETRONAS Carigali Nile Ltd and needs to settle it before exiting/withdrawing from South Sudan.

#### 2.5.3. Petroleum taxes

Petroleum tax represents a residual liability during the farming out and post-exiting phases of a contractor's operations in oilfields. Any default in tax payments cannot be overlooked when a company exits the oilfields. If a contractor fails to pay petroleum taxes, the government, through the Ministry of Petroleum (MOP), may be held accountable for the default as per the tax administering institution. For PETRONAS Carigali Nile Ltd, there remains an outstanding tax amount of \$6.7 million owed to the government of South Sudan, reflecting accrued profit taxes since its operations began in 2011 until 2022 (Ibid).

#### 2.5.4. Surface rentals

Block 3 & 7 where PETRONAS Carigali Nile Ltd has 40% equity as said earlier has annual surface rental fees of 3 million USD required to be paid to the government of South Sudan through the Ministry of Petroleum (MOP) by the contractor and in this case DPOC where PETRONAS Carigali Nile Ltd has a big stake. Block 5A which is managed by SPOC has an annual rent fee of 1.5 million USD and blocks 1,2 & 4 that is managed by GPOC has an annual rental fee of 1 million USD. The government through the MOP argues that Petronas Carigali Nile Ltd has an outstanding amount of 5.5 Million USD as the surface rental charges to the government of South Sudan through the MOP for all the three blocks.



### 2.5.5. Cash calls

Cash calls are the expenses due and required to be paid by the company for the running of the activities of that consortium (Wale, 2019). In DPOC, PETRONAS Carigali Nile Ltd has outstanding cash call of 1.2 Million USD. SPOC has an outstanding cash call of 800,000 USD and GPOC has an outstanding cash call of 500,000 USD (Mohammed, 2021). The total outstanding cash call PETRONAS Carigali Nile Ltd needs to pay amount to 2.5 million USD. This is a residual liability that needs to be cleared by PETRONAS Carigali Nile Ltd before total farming out and exiting from South Sudanese oilfields.

## 2.6. Responsibility of residual liabilities

### 2.6.1. Contractor/petronas carigali nile Ltd

As previously discussed, the responsibility for residual liabilities is crucial for minimizing losses and ensuring a smooth exit for a contractor from licensed oilfield areas. South Sudan adopted legal frameworks similar to those of the UK, Brunei, and the Netherlands, where liability rests with the contractor. Section 46 of the Petroleum Act 2012 places this responsibility squarely on the contractor. It states that “a licensee or contractor who is under an obligation to implement a cessation decision is subject to strict liability to the government for any loss or damage, however, caused, in connection with the exiting of the facility or other implementation of the decision” (Petroleum Act, 2012). This provision is clear and unambiguous, leaving no room for misinterpretation. Therefore, the contractor, in this case, PETRONAS Carigali Nile Ltd, should be held accountable for any associated liabilities. At the time of writing this piece, PETRONAS Carigali Nile had already exited from South Sudan and argued that it has to work remotely with other members of the consortium. The Government of South Sudan through the Ministry of Petroleum asked PETRONAS Carigali Nile to pay the associated residual liabilities instead of transferring them to a new company that will farm in to avoid legal tensions.

## 3. METHODOLOGY

### 3.1. Research design

The study used both qualitative and quantitative research designs in Juba, particularly at Ministry of Petroleum (MOP), NILEPET, and Joint Operating Companies such as Dar Petroleum Operating Company (DPOC), Greater Pioneer Operating Company (GPOC), and Sudd Petroleum Operating Company (SPOC) as a case study and ethnographic method which was applied to investigate the legal conformity of farming out and decommissioning of Petronas Carigali Nile Ltd in South Sudan. Qualitative design was used during surveys and quantitative was used in the form of descriptive research in the presentation and analysis of the data.

### 3.2. Area of study

The study was conducted in Juba, South Sudan, and at the offices of the Ministry of Petroleum (MOP), NILEPET, DPOC, GPOC, and SPOC. Juba is situated at the central part of South Sudan and it is the place where the offices of MOP, NILEPET, DPOC, GPOC, and SPOC are located. The discussions and the

legal implications of Petronas farming out of South Sudan as well as the farming in of Savannah Energy Ltd are taking place at the corridors of the MOP, NILEPET, DPOC, GPOC, and SPOC in Juba, South Sudan and the study focused in these areas.

### 3.3. Sources of information

The study deployed both primary and secondary sources of data. Primary data was acquired through interviews and surveys. Secondary sources of data was acquired through content analysis of empirical literature, reports, and periodicals from MOP, NILEPET, DPOC, GPOC, and SPOC.

### 3.4. Population and sampling techniques

The study focused on the senior officials in the oil and gas industry in Juba, South Sudan. The sample size was 60 respondents with sampling types of clusters and persuasive. Given that this is a specialized study with limited knowledge of the South Sudanese population, random or purposive samplings were not applied. It is persuasive sampling, depicting those with knowledge on farming out and decommissioning of Petronas Carigali Nile Ltd and farming in of Savannah Energy Ltd and then clustered at the MOP, NILEPET, DPOC, GPOC and SPOC offices.

**Table 1.** Target population

Category	Population
Ministry of Petroleum Senior Staff	20
NILEPET Senior Staff	10
DPOC	10
GPOC	10
SPOC	10
<b>Total</b>	<b>60</b>

### 3.5. Determination of study sample

#### 3.5.1. Sampling technique and sample types

The sample size of this paper was derived using a formula designed by Taro Yamane (1967) with 95% level of confidence and when the size of the target population is known (Yamane, 1967). The size (n) is determined based on the below formula:

$$n = N / (1 + e^2)$$

Where,

N= population size,

e=level of precision (0.05),

n= sample size

$$n = \frac{60}{1 + 60(0.05)^2}$$

$$n = \frac{60}{1 + 60(0.0025)}$$

$$n = \frac{60}{1 + 1.15} = \frac{60}{1.15}$$

$$= 52$$



**Table 2.** Sample size

Category	Population	Sample
Ministry of Petroleum Senior Staff	20	12
NILEPET Senior Staff	10	10
DPOC Senior Staff	10	10
GPOC Senior Staff	10	10
SPOC Senior Staff	10	10
<b>Total</b>	<b>60</b>	<b>52</b>

### 3.6. Data collection instruments

The study deployed data collection instruments such as questionnaire and interview guides/schedules to collect the data on Petronas farming out and decommissioning in South Sudan and these interviews were done in Juba. Questionnaires, interview guides/schedules were first designed and piloted with some experts at MOP and NILEPET to ensure that information being sourced is as clear as possible. Deep surveys of the respondents were conducted to understand in detail the exiting and farming out of Petronas Carigali Nile Ltd in South Sudanese oilfields. Specialized interviews, particularly, key informants (KIs) were conducted to tap out the detail and more importantly refined insights about Petronas exiting and farming from South Sudanese oilfields.

### 3.7. Piloting the study

Pilot study refers to small-scale study, which is conducted before the actual study (Malmqvist *et al.*, 2019). It is a dry run and a small test of the actual study. The study was piloted to achieve the following:

- To understand the entire process of the research (research problem, research objectives, empirical literature, research design and the respondents). This helped in clarifying issues before larger study;

- To understand the quality control of data collection tools. For instance, it was great to check questionnaires and interview guides if they were found properly structured, clearly written and completed although some amendments were made to some questions; and

- To help in proposing the data analytical tools such as SPSS, STATA and ANOVA.

Hence, this study was piloted by 10% of the respondents (52), which are 5 respondents to clearly understand the entire research and make corrections before the larger study. During piloting, three questions in the questionnaire were corrected and properly understood by the respondents. This really helped in saving time, money and energy during fieldwork.

### 3.8. Quality/error control

The study ensured that quality was observed and errors during the collection of data were avoided. Reliability and validity mechanisms of data collection were deployed and 52 targeted respondents were reached on time and the information was recorded.

### 3.9. Reliability

A Cronbach Alpha Reliability Coefficient of 0.834 was obtained which is above 0.7 and the research instruments were considered reliable. Cronbach Alpha is used to assess the reliability and internal consistency of the study. Cronbach Alpha is calculated by correlating the score for each scale item with the total score for each observation (normally test takers or individuals surveyed respondents) and then comparing that to the variance for all individual item scores.

### 3.10. Validity

The validity of study instruments was determined using expert judgments such as professional advice from peers and supervisors (Kothari, 2004). Five experts were contacted to evaluate and critically assess the validity of the instruments. The experts were asked to rate questions depending on their relevancy. The Content Validity Index (C.V.I) was established by dividing the number of items rated relevant and the total number of items. It is clear that CVI was 0.765 which was above 0.7 which is considered valid.

### 3.11. Data processing and analysis

The study used sophisticated data processing and analysis tools such as SPSS 2.1 and Microsoft Excel where possible to interpret and present the data. Cleaning up of the data was done and analysis was presented in the context of research objectives, questions and literature review. Various explanations were recorded.

### 3.12. Ethical considerations

The study deployed ethical considerations. Ethical considerations applied include matters of confidentiality, consent, assent, anonymity, integrity, and benevolence during the research process. All respondents that were surveyed and interviewed were kept with the greatest confidentiality. There were no ethical hurdles faced during the whole research process.

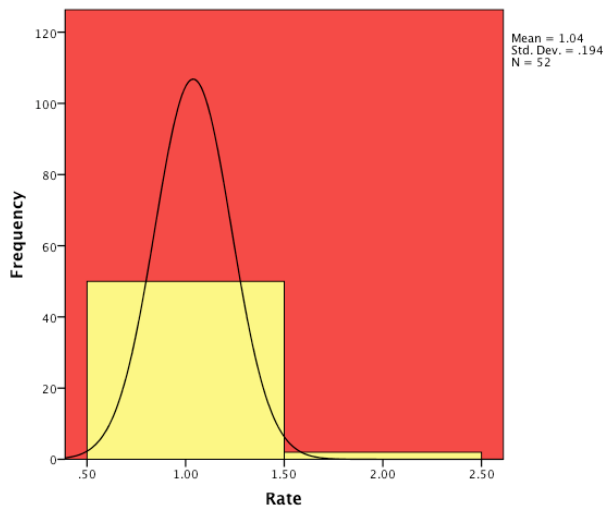
### 3.13. Anticipated methodological constraints

Instruments of data collection such as questionnaires and interviews were not affected by low levels of literacy in South Sudan and more importantly, low knowledge in exit and farming out in South Sudan did not constraint the data collection process as the study focused on senior staff in the oil and gas industry of South Sudan. Misconceptions about the study to be a threat to South Sudan national security since it is external in nature did not curtail a lot of senior staff in oil and gas industry in South Sudan to participate. Indeed, a lot of senior staff in oil and gas industry in South Sudan responded well to the study in Juba. Hence, the questionnaire and interviews were sufficient and the findings of the study were achieved.

## 4. RESULTS AND DISCUSSIONS

### 4.1. Legal violations of PETRONAS exit and farming out from South Sudan





**Figure 1.** PETRONAS legal violations during exit and farming out from South Sudan

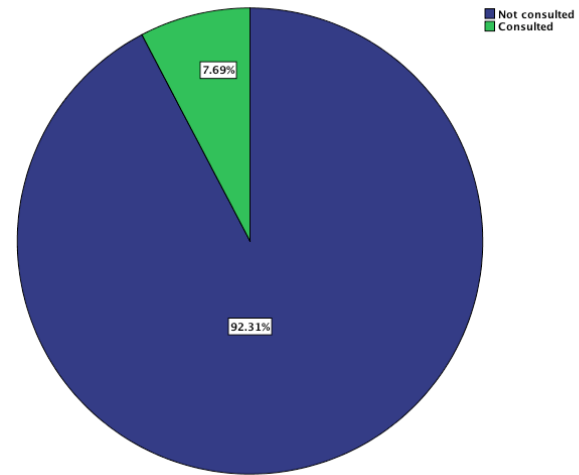
Figure 1 presents the analysis of violations of South Sudanese laws by PETRONAS Carigali Nile Ltd. Asked whether PETRONAS Carigali Nile Ltd has violated any law during its farming out in South Sudan. 50 respondents argued that PETRONAS Carigali Nile Ltd has violated Petroleum Act 2012, particularly, section 41 which requires all the IOCs to establish decommissioning funds in tandem with the Ministry of Petroleum (MOP). No any decommissioning fund has been established so far and this is risky for South Sudan as the pollution and environmental damages are the order of the day in oilfields. Besides, PETRONAS Carigali Nile Ltd violated section 22 of the assignment of the contractor without consent from the regulator. This was seen with the signing of a shares purchase agreement (SPA) with Savannah Energy Ltd without the consent of the Ministry of Petroleum (MOP). Besides, the respondents further noted that section 23 of the Petroleum Act, 2012 on the pre-emption rights of the national oil company (NOC)-Nile Petroleum Corporation to take over the shares of any International Oil Company (IOC) leaving South Sudan is ignored. This is due to secret agreement Petronas Carigali Nile inked with Savannah Energy to take over the shares. In addition, the respondents further noted that PETRONAS Carigali Nile violated Chapter VIII of the Exploration and Production Sharing Agreement (EPSA) which gives the government, represented by the Ministry of Petroleum (MOP), and national oil company, represented by Nile Petroleum Corporation (NILEPET) right to take over the shares. K. I.1 notes:

While the SPA was signed between Petronas Carigali Nile Ltd with an asset estimate of 1.25 billion United States dollars, this amount has not been broken down and this 1.25 billion USD could be a hoax. Why does Petronas Carigali Nile refuse to give the details of 1.25 billion USD to MOP and NILEPET so that NILEPET assumes its first right? This is a serious violation that requires legal redress from the government of South Sudan (K.I.1).

From the mean of 1.04 and standard deviation of 0.194, the histogram has positively corresponded to the highest number

of respondents who argued over Petronas Carigali Nile legal violations.

On the other hand, 2 respondents indicated that they have no idea of legal violations Petronas Carigali Nile has committed in South Sudan.



**Figure 2.** Petronas consultations with Ministry of Petroleum (MOP)

Asked whether the Ministry of Petroleum (MOP), which is the regulator of oil and gas sector of South Sudan, was consulted during the exiting and farming of PETRONAS Carigali Nile Ltd from South Sudan. In figure 2, 48 respondents, representing 92% said no, arguing that the Petronas did not formally consult MOP. These respondents argued that Petronas country office contacted Savannah Energy and stroke a deal of selling of its shares to Savannah Energy, a process that led to the birth of Shares Purchase Agreement (SPA) with asset cost 1.25 Billion USD. Petronas later informed the MOP about its decision. This notification according to many respondents was done without prior consultation. It was like a report to MOP that Petronas Carigali Nile has sold its shares and the company to Savannah Energy. While MOP acknowledged such report, it probed on the breakdown of 1.25 Billion USD sale of Petronas shares/assets to Savannah Energy, which Petronas Carigali Nile has not revealed. K.I.2 reiterates:

Ministry of Petroleum (MOP) was short-changed during the entire process of Petronas Carigali Nile Ltd exiting and farming out from South Sudanese oilfields. While it has not fully completed the farming out procedures and the decommissioning, Petronas Carigali Nile Ltd has a lot to answer MOP when farming out and decommissioning are completed (K.I.2).

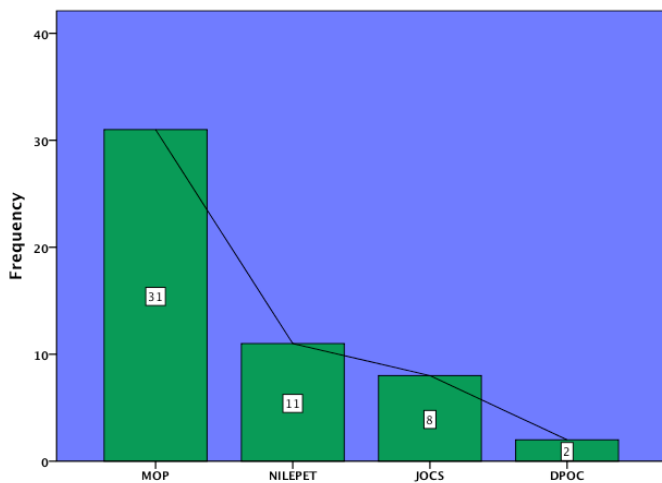
However, 4 respondents, representing 8% said yes, arguing that there is no way a foreign IOC will initiate exit and farming out steps without the regulator-MOP knowledge. This rarely happens in the world. These respondents further noted that MOP leaders maybe hiding something in regards to Petronas farming out and decommissioning from South Sudanese oilfields.



**Table 3.** Petroleum Act, 2012 and pre-emption rights of NILEPET

Categories	Frequency	Percent
Valid	Yes	51
	No	1
	Total	52

Table 3 provides respondents with a view of the relationship between Petroleum Act, 2012 and Pre-emption Rights of Nile Petroleum Corporation (NILEPET). Asked whether Petroleum Act, 2012 gives pre-emption rights for the national oil company (NILEPET), 51 respondents largely noted yes, that section 23 of the Petroleum Act, 2012 gives this pre-emption rights to NILEPET, meaning that the national oil company needs to be asked and given first priority when a company needs to exit and farm out from South Sudanese oilfields. It is only after the national oil company (NILEPET) confirmed that it is not interested in buying the shares being farmed out, then that is whereby the company farming out through MOP has to fetch for a company to buy its shares. Nonetheless, 1 respondent noted no, citing that it doesn't remember any pre-emption rights given to NILEPET by the Petroleum Act, 2012.



**Figure 3.** PETRONAS legal violations during exit and farming out from South Sudan

Asked who amongst the above-listed institutions has an overall legal right to challenge and stop Petronas Carigali Nile Ltd farming out from South Sudanese oilfields, figure 3 provides interesting findings and analyses from the respondents. 31 respondents out of 52 argued that it is the Ministry of Petroleum (MOP) that has a constitutional and regulatory right to cancel the exiting and farming out of Petronas Carigali Nile Ltd from South Sudanese oilfields. The powers, functions and responsibilities of the MOP are clearly stipulated in sections 12 and 22 of the Petroleum Act, 2012 assigning the Ministry of Petroleum absolute regulatory powers and functions. Although the National Assembly of South Sudan has the final authority in determining matters of the state of South Sudan, the Ministry of Petroleum at the executive branch has its statutory role to

grant as well as stop farming in, exiting and farming out of any contractor in South Sudanese oilfields. K.I.10 argues:

It is the Ministry of Petroleum (MoP) that has the mandate of stopping farming out of shares of any company as well as granting of farming in of any company on matters of oil and gas in South Sudan. This is a regulatory matter that has been provided for in Petroleum Act, 2012 on functions and roles of the Ministry of Petroleum (K.I.10).

On the other hand, 11 respondents argued that it is Nile Petroleum Corporation (NILEPET) that has a legal right to stop Petronas Carigali Nile Ltd farming out from South Sudanese. These respondents cited the pre-emption rights of NILEPET in section 23 that it must be given the first priority to farm in should a foreign contractor or IOC decides to farm out. The respondents further noted that NILEPET is a commercial and technical wing of the government of South Sudan as far as oil and gas matters are concerned. Besides, 8 respondents argued that it is the JOCs, referring to Joint Operating Companies (JOCs) that should stop Petronas Carigali Nile Ltd from farming out from South Sudanese oilfields. The respondents cited that Petronas Carigali Nile Ltd has shares across the three JOCs in South Sudan namely: Sudd Petroleum Operating Company (SPOC) with 67.875%, Dar Petroleum Operating Company (DPOC), 40% and Greater Pioneer Operating Company (GPOC) with 30%. Because of the strength of Petronas in its shareholding in the JOCs, those respondents argued that all JOCs can have their influence to stop Petronas from farming out.

What is more, 2 respondents argued that it's the Dar Petroleum Operating Company (DPOC) that should stop Petronas from farming out from South Sudanese oilfields. These respondents cited the influence of Dar Petroleum Operating Company (DPOC) as the operator of block 3 & 7 and which is the biggest producing block (licensed area) in South Sudan. Hence, with its partners in the block such as Chinese National Petroleum Company (CNPC), Oil and Natural Gas Corporation (ONGC), NILEPET, Tri-Ocean and Sinopec, DPOC can persuade Petronas to stop farming out from South Sudan. While Petronas Carigali Nile Ltd farming out was argued as a policy of the mother Petronas in Kuala Lumpur to pull out globally and concentrate on renewable energies, the policy has been founded to be short-sighted. For instance, while parading out this farming out policy, Petronas was seen farming in Angolan oilfields in December 2023. Hence, this therefore doesn't bring out the real intention of Petronas farming out in South Sudan.

**Table 4.** Suitability of Savannah Energy to farm into PPETRONAS' shares in South Sudan

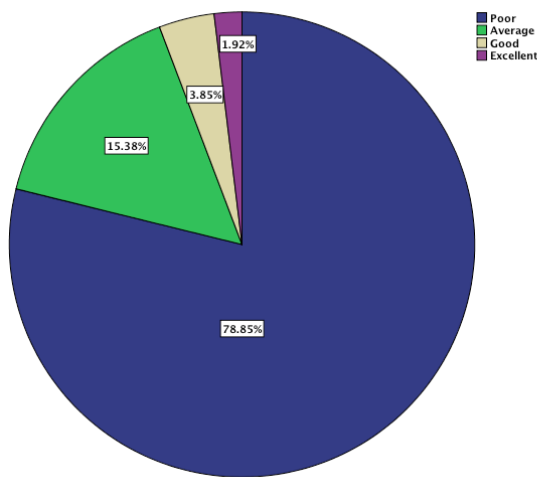
Categories	Frequency	Percent
Valid	Yes	42
	No	10
	Total	52

Asked about the suitability of Savannah Energy Ltd farm in to Petronas shares in South Sudan, table 4 provides interesting findings. 42 respondents, represented by 81% said, no, that Savannah Energy Ltd is not suitable company to take over



the Petronas Carigali Ltd shares because of its several failures in acquisition of shares in Niger, Chad and Cameroon. These respondents further noted that when the Ministry of Petroleum team visited Nigeria to assess Savannah Energy African regional office, the team found out that Savannah lacks both technical and financial capabilities to farm in to PETRONAS Carigali Ltd Nile shares. Besides, when the Central Bank of South Sudan did its due diligence, the findings were that Savannah Energy Ltd has no financial strength to farm in to Petronas Shares in South Sudan. Interestingly, the due diligence team found that neither Savannah Energy Ltd has money in its accounts nor does it have any strategic assets at its disposals. K.I.9 reiterates:

Savannah Energy company has been regionally and internationally tainted as a company with bad reputation. These reputation challenges include integrity failures such as bribery and shoddy deals in Niger, Cameroon and Chad (K.I.9). What is more, 10 respondents, representing 19% said no, citing that Savannah Energy Ltd has footprints in Africa and being a Pan-African company, it can be given opportunity to acquire shares in South Sudan and farm in to Petronas shares. These respondents further noticed that Savannah Energy couldn't be judged now before acquisition of the shares. It should be judged later if its fails to pay 1.25 Billion USD as assets value as indicated by Petronas Carigali Nile Ltd.



**Figure 4.** Grading of the performance of Savannah Energy Ltd in Niger, Chad and Cameroon.

Asked how to grade the performance of Savannah Energy Ltd in Niger, Chad and Cameroon, 41 respondents represented by 79% summarily argued that Savannah Energy performed poorly in Niger, Chad and Cameroon due to their constant failures to implement their different contracts in acquisition of shares and licensed blocks in the three countries. These failures emanated from Savannah Energy unethical conduct in neither disclosing their financial capabilities nor adhere to the laid down guidelines in shares acquisition in Niger, Chad and Cameroon.

Besides, 8 respondents represented by 15% argued that Savannah Energy performed averagely in Niger, Chad and Cameroon due to the failure of governments of Niger, Chad and Cameroon in guiding Savannah Energy in what is required.

K.I.5 reaffirms this as follows:

Although the failure of Savannah Energy in Niger, Chad and Cameroon could be majorly blamed on Savannah Energy unethical conduct, a lot was to do with senior officials of the government of three countries (Niger, Chad and Cameroon). These government officials were adamant with bribery and other unethical conducts and Savannah Energy fell into such bad practices (K.I.5).

In addition, 3 respondents representing 4% graded the performance of Savannah Energy in Niger, Chad and Cameroon as good, citing the footprints of Savannah Energy in UK and part of Africa as a reputable company. These respondents argued that the failure of Savannah Energy transaction in Niger, Chad and Cameroon was due to conduct of senior government officials in these three countries. Finally, 1 respondent, representing 2% graded the performance of Savannah Energy as excellent citing the historical origin and establishment of Savannah Energy as a great oil and gas company in London with its headquarters in Nigeria. The respondent praised Savannah Energy as a reputable company, citing what happened in Niger, Chad and Cameroon against Savannah Energy as orchestrated by the officials in Niger, Chad and Cameroon.

#### 4.2. Types of residual liabilities

**Table 5.** Relevant legal model for liabilities in South Sudan

Categories	Frequency	Percent
Valid Owner Centered Liability (UK Model)	39	75
Mediated Liability (Norway Model)	10	19
State Centered Liability (US Model)	3	6
Total	52	100.0

Asked about relevant legal approach in South Sudan that is suitable for Petronas Carigali Nile farming out, table 5 provides important analysis. 39 respondents represented by 75% argued that owner centered liability, which is a UK Model, should be a relevant legal approach that should be suitable for Petronas Carigali Nile exiting and farming out in South Sudan. The respondents cited that in this model, the responsibility of liabilities rested on the shoulders of the contractor. K.I.7 emphasizes:

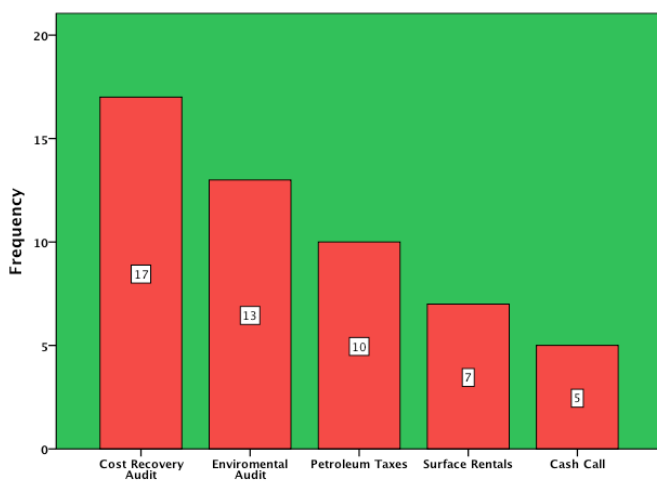
In this model, the contractor takes care of its liabilities. In other words, the entire responsibility of the liabilities are on the shoulder of the contractor and this removes the government from the equation of liabilities and blames. This approach often makes the contractor or an IOC aggressive in its management of its profit and cost oil so that losses are reduced. In this model, the government cannot stand in for the liabilities on behalf of the contractor. It is the contractor who is solely responsible for liabilities and this is the model for South Sudan (K.I.7).

In addition, 10 respondents, represented by 19% argued that the suitable legal approach that should be adopted during Petronas Carigali Nile farming out in South Sudan is the



mediated model, which is a Norway Model. This approach balances legal approach where the contractor should be responsible of its liabilities as well as the government takes charge of its liabilities too which are driven from cost oil. This legal approach, respondents further argued often reduces potential conflicts, suspicion and blame games between the contractor and the government.

Besides, 3 respondents, represented by 6% argued that the legal and suitable approach for Petronas Carigali Nile farming out is state centered approach, which is US Model. This approach according to the respondents give the responsibility of the liabilities to the state, meaning the contractor doesn't have anything to pay. This happens mostly under the concession regime type whereby the government gets royalties while the contractor takes over the crude production, market its and takes profits while giving royalties or taxes to the government.



**Figure 5.** Types of liabilities and their ranking during exiting and farming out.

Asked to rank types of liabilities as above in the order of importance (with 5 being the highest and 1 being the lowest), figure 5 provides interesting findings. 17 respondents out of 52 ranked cost recovery audit as the most important liability in the context of exiting and farming out from South Sudan. The respondents noted that cost recovery audit is paramount to tell the exact expenditures of the contractor/IOC during exploration and production phases. K.I.6 argues:

Cost recovery audit is the most essential liability that both the contractor and the government pay maximum attention because of the manipulation that is often done either by the government or by the IOC. In many farming out or decommissioning activities, a cost that was earmarked for recovery is pinpointed as detailed in EPSA or in JOCSA and hence it is always prudent to prioritize the cost recovery amongst liabilities (K.I.6).

Besides, 13 respondents out of 52 ranked environmental audit as the second most important liability and that must be borne in mind by the Petronas Carigali Nile when farming out and decommissioning from South Sudanese oilfields. The respondents cited reasons such as environmental pollution that IOCs have done in all the blocks in South Sudan. These blocks include 3 & 7, 1,2 & 4 and 5A. In all these blocks, Petronas Carigali Nile holds substantive equities and it must

be environmental audited to ascertain level of environmental damages and compensation requires.

In addition, 10 respondents out of 52 ranked petroleum taxes as the third most important liability Petronas Carigali Nile must pay attention to. These respondents argued that Petronas Carigali Nile has often failed to remit its taxes to the government of South Sudan. It is estimated that Petronas Carigali Nile has an outstanding tax claims from the government to the tune of 3 million United States dollars.

What is more, 7 respondents out of 52 ranked surface rentals as the fourth most important liability Petronas Carigali Nile should pay attention to. Everywhere contractors are required to pay for fields' rents, known best as surface rentals. For the all the blocks, Petronas Carigali Nile has a total of 1.5 million United States dollars as the surface rental liability to the government of South Sudan through the Ministry of Petroleum (MOP).

Finally, 5 respondents out of 52 ranked cash call as the fifth important liability to Petronas Carigali Nile. These respondents noted that Petronas Carigali Nile though it has honored to pay its cash call, there are still 2.5 million United States dollars part of cash call that is yet to be paid by Petronas and this has remained as liability.

### 4.3. Responsibility of residual liabilities

**Table 6.** Responsible actor for liabilities during Petronas Carigali Nile exit and farm out from South Sudan.

Categories	Frequency	Percent
Valid		
The Company that farms-in Petronas Carigali Nile	33	75
Ministry of Petroleum	10	19.2
Nile Petroleum Corporation (NILEPET)	9	17.3
Total	52	100.0

Asked about who should be responsible actor for residual liabilities should Petronas Carigali Nile farms out and possible decommissions from South Sudan. 33 respondents, representing 75% argues that the company that is farming in to Petronas Carigali Nile shares should be responsible for liabilities that squarely fall on Petronas Carigali Nile while operating in South Sudan. The government should handle any other liabilities that squarely fall on itself. This is inline with section 46 of Petroleum Act, 2012 that stipulates the responsibility of liabilities to the contractor. This also extends to the government should it has any liabilities too. K.I.8 emphasizes:

The responsible actor for liabilities should first be the company that is farming in. This is because a company that is farming out transfers its shares to the company that is farming in which is indicated in the contract. This company takes both the profits (dividends) and losses (liabilities) and hence the responsibility of liabilities should squarely lies on the farming in company and the government if it has accumulated liabilities too (K.I.8).

Besides, 10 respondents, representing 19% argues that the Ministry of Petroleum should be responsible for liabilities. The respondents cited that the role of the Ministry as a regulator



which is endowed with the power of issuance of a license for farming in and farming out of contractor as well as revoking of such license. Thus, the Ministry of Petroleum can shoulder and be responsible for liabilities.

Finally, 9 respondents, representing 17% argues that Nile Petroleum Corporation (NILEPET) should be responsible for liabilities given that it is a commercial and technical wing of the government. Because it represents government interest, the respondents articulate that NILEPET is well placed to shoulder the liabilities when Petronas Carigali Nile Ltd farms out.

## 5. CONCLUSIONS

The study has made a robust argument about the politics of IOCs and in particular, the exit of PETRONAS Carigali Nile Ltd from South Sudanese oilfields. It has done this by examining the legal violations of PERONAS Carigali Nile against the laws of the Republic of South Sudan and farming out of PETRONAS Carigali Nile Ltd in South Sudan. Such violations include the Petroleum Act 2012, sections 12, 22, 23, 41 & 42, types of liabilities, and the responsibility of these liabilities. Some of the legal violations by Petronas include the Petroleum Act, 2012, section 41 which requires the IOC to establish a decommissioning fund immediately its commences production in the licensed area (oilfield). This has not been done by PETRONAS Carigali Nile Carigali Nile Ltd. Furthermore, section 42 of the Petroleum Act, 2012 on plugging and abandonment of wells stipulates that the contractor shall submit to the Ministry of Petroleum immediate notice of any decision to abandon a well. PETRONAS Carigali Nile Ltd did not submit any notice of any decision to abandon a well or field to the MOP. This has surfaced as a serious violation of the Petroleum Act, 2012, and the subsequent regulations. Once the abandonment cum decommissioning is done wrongly, it affects the environment severely. While contractors are always in loggerheads with the regulators on the abandonment, the regulators themselves have never been quick and responsive in addressing the mistakes of the contractors or the licensees. More still PETRONAS Carigali Nile Ltd violated section 22 of the Petroleum Act, 2012 that stipulates that any contractor that needs to abandon or farm out from its licensed area/block must inform the Ministry of Petroleum (MOP) in writing. This is the same with violations of section 23 of the Petroleum Act, 2012 that gives the preemption rights of the Nile Petroleum Corporation (NILEPET) on any farming opportunities when an IOC farm out and exits. Instead of informing NILEPET which is a shareholder with PETRONAS in all the consortia, PETRONAS Carigali Nile Ltd secretly approached Savannah Energy Ltd and signed a Shares Purchase Agreement (SPA).

While the study was tedious with the acquisition of necessary information from senior government officials in oil and gas industry in Juba, South Sudan, the study did not face any physical or methodological constraints. Interestingly, PETRONAS Carigali Nile Ltd deliberately violated and politicized the petroleum laws and regulations of South Sudan while the Ministry of Petroleum (MOP) just gazed. Matters of conflict of interests with most senior officials at the Ministry of Petroleum (MOP) have been hinted by many respondents from Joint Operating Companies (JOCs) such as NILEPET,

DPOC, SPOC and GOPC. While the government is yet to settle on who should farm-in into PETRONAS Carigali Nile Ltd shares and particularly, to assess NILEPET technical and commercial readiness and issue pro-rata, PETRONAS Carigali Nile through PETRONAS International resorted to legal relief with Government of South Sudan in the International Centre for Settlement of Investment Disputes (ICSID). Although PETRONAS Carigali Nile Ltd in its later dated 17th October 2024 indicated the completion of transfer of its shares to NILEPET, The end of this political and legal dispute shall be seen in the near future. This study is an eye-opener on how influential and political IOCs are today in the world and particularly, on regulatory captured and politicized situations.

## RECOMMENDATIONS

The study recommends to the National Assembly of the Republic of South Sudan to hold the Ministry of Petroleum accountable for the various legal violations of PETRONAS Carigali Nile Ltd exit from South Sudan and attempted legal suit PETRONAS has filed against the Government of South Sudan. This way, the politicization of the PETRONAS exit and farming out from South Sudanese oilfields can be easily comprehended and acted upon.

Given that this is a new area of scholarship, which the researcher doesn't profoundly claim to have monopoly over it, future research is hereby recommended to other researchers or scholars in oil and gas industry in order to further examine the reason behind the IOCS influence in politics and violation of the petroleum laws, regulations, policies, procedures and systems, particularly, on exiting and withdrawal in the context of PETRONAS Carigali Nile Ltd of South Sudan.

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