



The €420 billion giveaway

How Ireland is losing its valuable natural resources

An information pack on Ireland's offshore oil and gas
and the Corrib Gas controversy, prepared by Dublin Shell to Sea
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PHOTO: WILLIAM HEDERMAN

INTRODUCTION

Natural resources are the primary wellspring of the world's wealth. Oil and gas in particular have played a central role in economic development since the early 20th century.

Ownership and control of these resources have been contested at many historical junctures. The discovery – recent and ongoing – of rich deposits of oil and gas off the west coast of Ireland has visited a conflict on a remote Co Mayo community since the year 2000. Events since then have made this a national issue.

The aim of this pack is to provide information for journalists, public representatives and others about Ireland's offshore oil and gas and, in particular, the Corrib Gas controversy. Contents include:

- Key facts, figures and map regarding Ireland's known offshore oil and gas deposits;
- Analysis of the three key issues driving the protest:
- Ireland's licensing terms for the exploration and exploitation of oil and gas (which Shell to Sea has dubbed 'The Great Oil and Gas Giveaway');
- The safety, health and environmental concerns of local residents and supporters;
- Human rights abuses that have taken place surrounding the project;
- Contact details for Shell to Sea spokespeople in Mayo and Dublin;
- List of sources for the information in this pack and for further research.
- Photographs and video footage backing up the information presented (available in digital version of the pack)
- A timeline of the principal events surrounding the Corrib controversy (available in digital version of the pack).

BACKGROUND TO THE CONTROVERSY

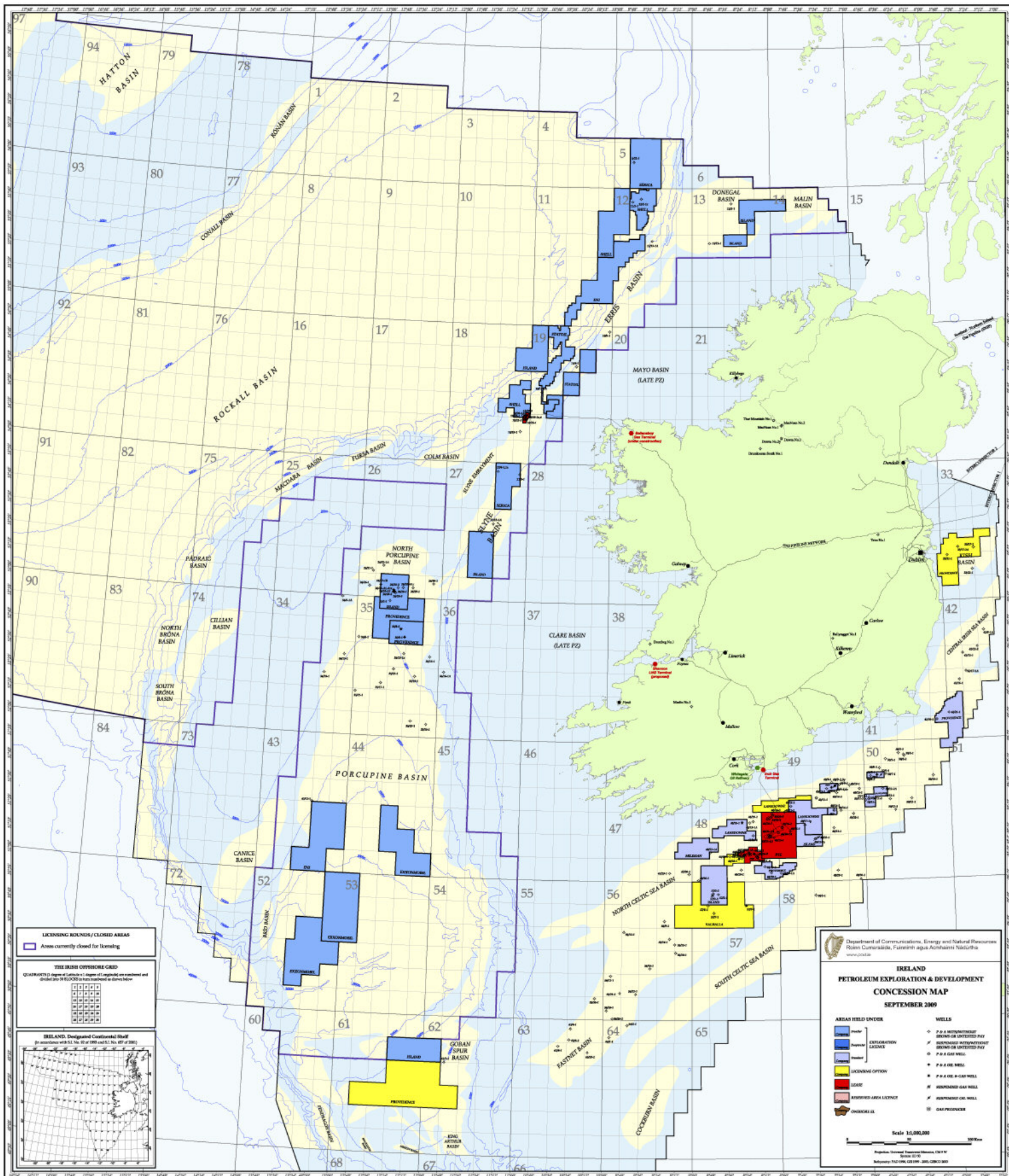
When news of the Corrib gas field first emerged, many Erris residents who are today critical of the project were excited by the prospect of local jobs. However, concerns about the location of the refinery and the safety of the raw gas pipeline soon emerged.¹

Residents learned that the pipeline was unique for a populated area: as a new cost-saving measure, the gas would not be processed on a platform at sea, as is standard practice in other countries. Instead, the oil consortium would lay a high-pressure pipeline to carry raw, odourless gas, containing an unpredictable mix of corrosive chemicals, through the village of Rosport to a refinery built on a shifting bog. Many residents' first experience of the oil consortium was one of threats, bullying and intimidation. Many felt pressured to sign permissions to allow their land to be used.²

An Bord Pleanála (ABP) upheld the appeal by local residents against planning permission for the inland refinery in 2002. ABP's senior planning inspector, Kevin Moore, described the proposed location as "the wrong site" on four separate counts. But in September 2003, then Taoiseach Bertie Ahern and other ministers met with Shell executives and senior civil servants. A week later, the company met with ABP's chairman. Two months later, Shell reapplied for permission for the same site. This time round, permission was granted³.

"We gave the Corrib gas away and now Eamon Ryan is intent on giving away the remaining choice areas of our offshore acreage at less than bargain basement prices"

Economist Colm Rapple, 2007



A belief grew that the planning process was subject to political interference, and that the result was a foregone conclusion. The Shell to Sea group came together to campaign for the gas to be refined, depressurised and odourised offshore. Their concerns increased as further research revealed that the licensing and fiscal terms under which the gas had been offered to the oil and gas corporations were among the least favourable in the world for the state, and that the public would receive little benefit from the risk that Erris residents would be subjected to.

When local farmers and schoolteachers disobeyed a court injunction in 2005, which would have compelled them to allow Shell to access their property for pipeline works, Shell requested the committal of five of them to prison, which was granted by the High Court. They became known as the Rossport Five, and the Shell to Sea campaign was propelled to the national and international stage.

The Shell to Sea campaign is now a national campaign, with branches not only in Mayo, but also in Dublin, Cork, Galway, Kildare, Kinsale, Waterford, and Belfast. All of these branches work together to achieve the aims of having the gas processed at sea according to international best practice, and to have the Corrib Gas deal renegotiated.

“I’d like to pay tribute to my colleagues in the other smaller parties and independents who have kept pressure on this FF/PD Shell-like Government and who continue to stand firm with the people of Rossport. We’re united in fighting the good fight. And it feels good. Because we’re going to win”

Trevor Sargent, then Green Party leader, speaking after the release of Rossport Five, 30th Sept 2005



THE GREAT OIL AND GAS GIVEAWAY

The gas in the controversial Corrib field was valued at €8 billion by Minister for Communications, Energy and Natural Resources Eamon Ryan in 2008.

However, the scale of Ireland’s other, less well-known, offshore hydrocarbon deposits spectacularly dwarfs this sum. According to estimates published by the Department of Communications, Energy and Natural Resources (DCENR), the Rockall and Porcupine Basins alone are likely to yield 10 billion barrels of oil equivalent (BBOE). This is worth the staggering sum of €420 billion, or more than 50 times the value of the Corrib Gas.⁴

DCENR’s figure of €420 billion is likely to be an underestimate, because the Government relies on figures supplied by the oil and gas industry from their exploratory surveys. It is in the industry’s interests to underestimate these figures at the prospecting stage, and the record from Norway and elsewhere shows that they have done so unless there was rigorous government scrutiny, with officials present on the oil and gas platforms,⁶ which is not the case in Ireland.

The figure of €420 billion is also conservative in that it only refers to the west coastal waters of Ireland. It does not account for oil and gas reserves off the south and east coasts (or for the inland oil and gas fields such as the large gas find at Lough Allen, estimated alone to be more than nine times the size of the Corrib gas field⁷).

“No country in the world gives as favourable terms to the oil companies as Ireland”

Mike Cunningham, former director, Statoil E&P Ireland

Opposition to the Corrib Gas Project in its present form is driven not only by safety, health and environmental concerns in the locality of the pipeline and refinery, but also by the perception that the Irish public will not benefit substantially from the natural resource thus extracted. Local residents feel they are being asked to shoulder an unquantifiable burden of risk, not for the public good, but in order to facilitate the gifting of public resources to powerful multinational oil and gas corporations. Under current licensing terms, the Irish State retains a 0% royalty share in any oil or gas found. According to a 2007 study commissioned by the DCENR, Ireland offers one of the lowest government takes in the world.⁸

In 1975 the position was very different. Back then, senior civil servants – under pressure from the Resources Protection Campaign of the day – devised licensing and fiscal terms which ensured substantial State participation in any oil or gas production, significant royalties on production, and a vigorous tax regime.⁹ New terms were introduced by successive ministers in the late 1980s and the 1990s to stimulate exploration and drilling, although the record shows they had little effect in this regard – oil companies only drilled 26 exploration wells between 1993 and 2004, compared to 100 wells between 1975 and 1992.¹⁰

These changes reduced the State’s share in all offshore oil and gas from 50% to zero, and abolished royalties. Their net effect is that, today, multinational oil companies:

- Own 100% of the oil and gas they find under Irish waters;
- pay no royalties to the Irish State;
- can write off 100% of their costs against tax;
- have profits taxed at 25% (the international average is 68% for oil-producing countries);
- can export the oil and gas outside Ireland;
- can choose whether or not to sell the gas back to Bord Gáis at full market rates.



PHOTOS: WILLIAM HEDERMAN



Supporters of the project sometimes argue that Ireland gains security of supply in an increasingly uncertain world; the recent shutting off of Russia's gas pipelines into Ukraine is pointed to. However, the licenses given to Shell and other companies give them the right to export the oil or gas to other countries if they choose to – it will be wholly owned by them. The Irish State will have to bid on the international market to buy back its oil and gas resources from the oil and gas companies at full market price. There is no guarantee that the oil or gas will be sold back to the Irish State.



“There are now three interconnectors between Ireland and the UK, so if you do hit a gush, there's plenty of market out there”¹¹

Martin Brennan, Asst Sec, Dept of Communications, Marine and Natural Resources, addressing the Exploring Atlantic Ireland conference, 8th Nov 2006

In addition, almost all of Ireland's current gas imports come from the North Sea¹² via two interconnector pipes, and there is no medium term threat to the continuity of those supplies.¹³ In the longer term it is true that the North Sea will run out and thereafter Ireland will be increasingly dependent on gas from further afield, but by then much of the indigenous Irish oil and gas may have been extracted and sold by Shell and other multinational giants.

Thus the only apparent benefit to the Irish State from its phenomenal reserves of oil and gas is a 25% corporation tax once all the corporations' exploration and development costs are paid, including anticipated costs of closing down their operations (it is estimated that more than half of the gas from the Corrib field will be extracted before any tax is paid)¹⁴. Minister Eamon Ryan introduced a new 'profit resource rent tax' in 2007, which will add a maximum of 15% more tax on a graded basis of profitability¹⁵. However, this will not apply to any but the most profitable fields and crucially – as it will not be applied retrospectively – it will not in any way increase the potential takes on existing licenses, such as the Corrib Gas, and the much larger Dunquin and Lough Allen finds.

While the prospects of jobs is often pointed to, in reality in the case of the Corrib Gas Project, there will only be 30 -70 permanent jobs on site once the refinery has been complet-

ed, while the local tourist industry workers and fishermen have lost significant business. High levels of pollution will only increase hardship in local sustainable indigenous businesses; however these job and profit losses have tended to be ignored when equating the economic 'benefits' of the Corrib Gas Project.

Even the most ardent supporters of the Corrib Gas project seldom turn out to defend the terms of the giveaway deal in public, instead relying on the perception that the deal, once done, cannot now be revisited. Nothing could be further from the truth. There is in fact a worldwide trend for governments to re-take control of privatised energy assets. In 2006, State-owned Russian energy giant Gazprom took back control from Shell of the largest integrated oil and gas field in the world, Sakhalin-2, after Shell was accused of violating environmental laws. Bolivia, one of the poorest countries on the planet and with a lot less international clout than Ireland, nationalised its entire gas industry in 2006. The industry, and international markets, reacted with fury in both cases, and the process of nationalisation has not been without problems for Bolivia, but in the end the oil giants accommodated these changes when they realised there was still money to be made.

The framework exists for Ireland to do the same with the Corrib Gas field. The licensing terms state that 'The Minister may . . . require that specified exploration, exploitation, production or processing activities should cease . . . in any case where the Minister is satisfied that it is desirable to do so in order to reduce the risk of injury to the person, waste of petroleum or damage to property or the environment.'

The fact that the government has done almost nothing to challenge the terms of the giveaway deal, despite the deep recession the State is in and the unresolved conflict which has delayed the Corrib Gas project by years – according to initial estimates the gas was projected to be flowing by 2003 – raises serious questions about why Ireland's significant natural resources are not being utilised to benefit the people of Ireland.

“The giveaway deals for exploration licences were comparable, in historic terms, with the Act of Union of 1800, in the way a dodgy deal can be made to look legitimate”

Trevor Sargent, then Green Party leader, Shell to Sea press conference, 21st November 2006

HEALTH, SAFETY AND THE ENVIRONMENT

Much of the coverage of the Corrib Gas Protest in Mayo has focused on the contentious protest and policing. But what motivated the protest in the first place? Many of the local people at first welcomed the announcement that gas had been discovered, with the promises of jobs and investment locally. However, a few who looked more closely at the proposed project made alarming discoveries.

In November 2009 An Bord Pleanála found that up to half of the final section of Shell's proposed route for the onshore pipeline was 'unacceptable' on safety grounds. Shell had planned, as a cost saving measure, to pipe raw gas through the communities of Pollathomais and Rosspoint to be processed at an inland refinery. This meant the pipeline running past their houses would contain raw gas, including naturally occurring corrosive and toxic chemicals, directly from the sea bed. The pressure in this pipeline would be up to 345 bar at the landfall site, then being lowered to 144 bar to be piped through the village of Rosspoint. The tyre-pressure of a normal car is about 2 bar. Bord Gáis (refined) gas pipelines run through towns and cities at 4 bar.¹⁶

Normal practice worldwide is to use a refinery on a platform at sea or in a remote region to reduce the pressure of the gas, to add a smell to warn of leaks, and to clean the gas of naturally-occurring corrosive and toxic chemicals, before piping it to a populated region.¹⁷

Further study showed that the cleansing of the gas in the refinery would generate thousands of tons of heavy metals such as arsenic, lead and mercury, and that the outflow pipe for the refinery's discharges would be simply released into shallow water less than 3km offshore. The location of the outflow pipe meant that this pollution would be circulated back into the bay, affecting fishing, an important source of income in the area. In addition, gas flaring¹⁸, the burning off of unusable excess gas into the air, (a practice which the Nigerian Government is banning from January 2010 due to its detrimental effects on local people's health and the environment) would add eight million cubic metres per day of pollutants to the air (for every cubic foot of gas extracted, a cubic foot of heavily polluting emissions will be released into the air, amounting to a trillion cubic feet of emissions over the lifetime of the project), which would result in formation of acid rain and formaldehyde locally. In addition, there is a requirement to store thousands of tonnes of methanol, propane gas and highly toxic waste oil condensate on site. Any spillage will run into Carrowmore Lake, the only source of tap water for 10,000 people. Accidental spillages of chemicals into local waterways have already occurred during construction.

Residents are not reassured by Shell's affirmations of safe-

ty, especially in light of its record elsewhere. Shell has been convicted in the UK, Nigeria, USA, South Africa, Brazil & Canada for environmental damage, fatal accidents, and health & safety violations. In the USA two boys and a teenager were killed when a Shell pipeline exploded in Washington state in 1999. Shell paid out \$85 million in a settlement of civil and criminal charges to the USA Department of Justice and the EPA. Representatives of the Ogoni community in Nigeria have visited Rosspoint and warned that Shell's presence in Ogoniland saw it impoverished, militarised and devastated by oil pollution and gas flaring.

On the Corrib project to date, Shell has:

- breached planning permission and been ordered to dismantle 3km of illegally constructed pipeline;
- been forced to build a freshwater treatment plant after contaminating the region's primary drinking water supply;
- omitted vital information from their planning application regarding the emissions of raw gas to the atmosphere during the cold venting process.

HUMAN RIGHTS ABUSES

The jailing of the Rosspoint Five in 2005 for refusing to obey a court order sought by Shell E&P (Ireland) Ltd. thrust the Corrib Gas dispute into the international spotlight, and led to a campaign of mass civil disobedience by the local community. This campaign, supported by Shell to Sea groups from all around Ireland, shut down all works in Rosspoint and on the refinery site for more than a year, while Shell and the other oil companies in the consortium refused to consider residents' demands for a redesign of the project.

Three hundred Gardaí broke this stalemate in October 2006 with the use of unprecedented physical force, as documented in the report of the human rights group Global Community Monitor, which visited Erris in 2007. The delegation, from the Netherlands, the USA and South Africa, held public hearings, observed protests and met with Gardaí and members of the community. Their findings included the following:²⁰

'There is evidence from videos of youth, women and the elderly being pushed and beaten by Gardaí without provocation. Even high-ranking officers were personally involved in beating protestors.'

'Emergency response and medical treatment to injured protestors were denied and delayed by Gardaí without justification.'

'There is evidence of the Gardaí verbally threatening people without cause, which appeared to incite violence rather than diffuse it.'

"For years SPDC [Shell Petroleum Development Company] has engaged in practices known to be damaging to the environment and people [in Nigeria]. Pipelines were not adequately maintained. Waste products were released into the environment. Shell today refuse to acknowledge most problems associated with their operations in the Niger Delta"¹⁹

Amnesty International, 2009

"I don't think that any company, including Shell, will introduce expensive safety measures unless they have to"

Christy Loftus – Shell E&P Ireland Communications Officer



PHOTOS: WILLIAM HEDERMAN



“The protests against Shell have been consistently peaceful. Despite Garda allegations, there is not a single recorded incident of violence by protesters”²⁵

Marilyn Horan, *Observers' International*, August 2009

‘Protestors were followed and confronted by Gardaí when they were about the community on their private matters.’

‘The community has been active in submitting complaints to the necessary authorities about the issues they have with the Gardaí, but to our knowledge none of these cases have been taken forward. Thus people have lost faith in the system, and have stopped submitting complaints.’

These events marked the beginning of a period of extraordinary policing in the Erris area, which is still ongoing, and has been detrimental to the standing of An Garda Síochána in the community. This remote rural area has at times been occupied by hundreds of Gardaí, supported by armed Navy vessels and air corps planes, at an estimated cost of millions of euro to the taxpayer.

Shell’s private security contractors, IRMS Security, are also constantly present, at times in large numbers, in the community. They have engaged in disturbing surveillance operations against local people, filming children as they undress on the beach and repeatedly aiming cameras into the kitchen of the home of a person who had objected to the pipeline.²¹ IRMS staff have posted videos to YouTube, celebrating their late night surveillance and their taunting behaviour towards local residents as they try to go about their daily lives.²²

In April 2009, International Goldman Prize winner Willie Corduff, one of the original ‘Rossport Five’, was beaten by a group of men wearing balaclavas and dark clothing while he was peacefully blocking work on a Shell site. The site was heavily staffed by IRMS security that night. Gardaí were present when he was removed from the site to hospital. Despite the fact that his injuries were severe enough to require hospitalisation – his hospital record stated that he had been ‘kicked all over the body and had LOC (Loss Of Consciousness)... headaches, nausea and vomiting’ – the following morning, Gardaí released reports to the media implying that he was not injured, but had been ‘feeling unwell’²³. To date, no one has been arrested in relation to Mr. Corduff’s beating, in contrast with the arrests of dozens of campaigners. Various international organisations and individuals, including Archbishop Desmond Tutu have called for an investigation into the beating of Willie Corduff but so far the authorities have remained silent.

In June 2009, the boat of local fisherman Pat O’Donnell was sunk in the middle of the night. This incident marked the most serious of the attacks to date on Shell to Sea campaigners. O’Donnell and his son had repeatedly been arrested while fishing in the area and then released without charge. They had refused to accept financial compensation from Shell, opting instead to maintain their existing constitutional right to fish in the area. Their constant presence in

Broadhaven Bay was a persistent nuisance for Shell and the Gardaí. O’Donnell reported that his boat was boarded by a group of men wearing wetsuits who held him and his crew member at gunpoint while they sank the boat, giving them only minutes to launch their life raft.

Mr. O’Donnell lost his boat, for which he will not receive insurance payments, as the sinking is regarded as an ‘act of terrorism’. He has made statements to the Gardaí but as in the case of Mr. Corduff, no arrests have been made, with the Gardaí instead issuing statements to the media attempting to undermine Mr O’Donnell’s credibility. In addition to these outstanding incidents, hundreds of other incidents have occurred in which people’s rights and physical integrity have been breached. As just one example, in 2007, a male Garda was captured on video punching a woman with full force into the stomach.²⁴ Over 100 complaints have been submitted to the Garda Ombudsman Commission, but these represent only a minority of the incidents which have taken place.

Many local residents believe that the judicial system, too, has been abused in order to intimidate residents who object or protest, to remove them from Rossport at critical junctures, and to exhaust their time, energy and money. Some individuals are charged repeatedly with minor offences; others receive serious criminal charges for minor public order offences, and leading campaigners have been imprisoned at strategic times, such as during the presence of the pipe-laying ship, the *Solitaire*, in 2009.

Thus, amongst the less quantifiable costs of the Corrib Gas Project are the harrowing stresses already suffered by those who have been humiliated and abused, the destruction of trust in the Irish State’s democratic processes, the damage done to the international image of the State and to the standing of An Garda Síochána.

For the most part, even the most serious and well-documented human rights abuses have gone unpunished. In November 2009 however, the Garda Ombudsman Commission recommended that disciplinary action be taken against a senior member of An Garda Síochána over the handling of a June 2007 protest in which some 20 civilians and two Gardaí were injured.²⁶ In this incident, a digger with lowered bucket had been used as a battering ram and driven through a crowd of campaigners, with the support of the Gardaí.

‘The lesson we’ve learned from the Ogoni is not to give in, no matter how impossible it seems, no matter what the odds.’ Terence Conway, *Shell to Sea*

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FURTHER INFORMATION

WEBSITES:

www.shelltosea.com
www.dublinshelltosea.com
www.dcenr.gov.ie/Natural/
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- ⁴ The DCENR has, since 2006, consistently put this figure at 10 BBOE. The Energy Information Administration of the US Government projects the barrel of oil to average out at 60 US dollars over 2009. Using international exchange rates in September 2009, this equates to €420 billion.
- ⁵ Quoted in the Sunday Independent, *Ireland on the verge of an oil and gas bonanza*, 20th May 2007
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- ¹¹ Martin Brennan, Assistant Secretary of then Department of Marine and Natural Resources, speaking to potential international investors in Ireland's offshore oil and gas at Exploring Atlantic Ireland Conference, Dublin, 8th November, 2006.
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- ²⁴ <http://www.indymedia.ie/article/79623>
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