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OML 30, SALVIC'S HERITAGE

OML 30

Oil mining lease (OML) 30, Nigeria's second largest onshore Oil & Gas asset, located in the Niger Delta, about 35km East of Warri is a strategic onshore asset.

OML 30 covers 1,095sqkm, comprising 11 fields, 9 flow stations, the Ughelli tank farm (UPS), the Trans Forcados Pipeline (TFP), and with reserves estimated at about 1 billion barrels of oil, OML30 is said to be a critical source of gas for the power sector, oil revenues for the Federal Government, Delta State, 110 Host Communities and other asset owners around the region.

Salvic and Heritage

In 2017, Salvic was reported to have entered into a Technical Services Agreement (TSA) with the name-plate Operator of OML30, Heritage Energy Operational Services Limited (HEOSL), handling all aspects of Operations and Crude Oil Production, including Technical Support Services, Security, Operation & Management (O&M), Community Relations & other Stakeholder Management, Corporate Social Responsibility.

Reports have it that the said agreement between Salvic and Heritage was terminated with varying reactions from various stakeholders.

Emergence of Social Normative Norms in Oil Field Servicing?

Traditionally, lax enforcement of the law in the area of environmental degradation sometimes results in host community hostility targeted at the International Oil. However, we have now seen an occasion, where community hostility was allegedly aroused due to

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the disengagement of an operator; Salvic. Initially there were reports of various communities protesting Salvic's removal, now there are alleged reports of communities supposedly protesting against perceived environmental malpractices.

The emergence of Operatorship as a Service?

We have seen pipelines as a service, assets as a service. Now we are seeing Operatorship as a service. The average operator usually has assets of its own. Salvic seems to have pioneered the rendering of operatorship as a service, ostensibly without owning an oil and gas bloc.

Most exploration and production companies tend to rely heavily on oil field service companies, will the emergence of operatorship as a service erode the value chain traditional Oil Field Service Companies cherish? Or is this a passing phase?

Onshore vs Offshore Assets

It is possible that operatorship may be more popular with onshore blocs. Offshore blocs often have less security issues, besides offshore fields are largely, Production Sharing Contracts based.

Agreed damages clause

Salvic position may have been better protected,(assuming it is not there) if it had included an agreed damages clause for early termination of its agreement.

Salvic's Innovation should have been protected by IP

What does IP have to do with Oil and Gas?



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Oil and Gas Intellectual Property;

The basic types of Intellectual property prevalent in the oil and gas sector are the following; Patents, Trademarks, Copyrights, Trade Secrets and Others like brands, Know-How, Know – Who and Professional Credentials & Credibility.

In protecting innovation and technology a key benefit of an intellectual property system is that a contractual right is only enforceable against the person who entered into contract with you; while a property right is enforceable against the world! Reports have however shown a strong correlation between the presence of intellectual property in oil and gas companies, especially service companies, and their profitability.

A trade secret is information about a company's processes and systems which allow it to add distinct value. Salvic may consider proper intellectual property protection, seeing it may plan to render its services to multiple asset owners.

Research and operations in the oil and gas industry constantly produce new ideas, procedures, software, compositions, equipment and plenty of data, especially in areas bordering on seismic data collection, well enhancement activities and asset optimization for the oil and gas industry. This innovation has potentially transformed the oil and gas industry from a commodity market to knowledge/innovation/intellectual property-based industry.

In addition, the divestment of assets by Oil and Gas companies can possibly lead to some form of employee mobility; this kind of employee mobility usually makes the loss of valuable data or even Intellectual Property more probable. It may seem wise for Oil and

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Gas companies to pay more attention towards protecting such IP and proprietary information; especially as it concerns former and disgruntled employees.

Commodity Sellers vs. Proprietary Industry...

If the products of Oil Field Service companies like Salvic, were not protected by patents, they would have been priced as a “commodity”.

If their products had been priced as a “commodity”, they may not have been developed and made available to the Oil and Gas industry. The thing is that Intellectual Property Rights are enforceable against the whole world while Contractual Rights are enforceable against

Conclusion

These are early days yet. Though the innovation introduced by Salvic may be hard to ignore it may not be impossible to replicate. Here is hoping all the stakeholders in OML 30 resolve their differences without allowing it degenerate into a full-blown community issue.

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