



NATIONAL OPEN UNIVERSITY OF NIGERIA
FACULTY OF LAW
DEPARTMENT OF PUBLIC LAW
2019_1 EXAMINATION QUESTION
APRIL, 2019

COURSE CODE: PUL411

COURSE TITLE: OIL AND GAS LAW 1

CREDIT UNITS: 4

TIME ALLOWED: 2 ½ HOURS

INSTRUCTION: ANSWER QUESTION 1 (ONE) AND ANY OTHER 3 (THREE) QUESTIONS. (QUESTION 1 (ONE) ATTRACTS 25 MARKS WHILE OTHERS ARE 15 MARKS EACH)

- 1.(a) Chief Pom has gone into partnership with a foreign oil technology-based company to carry out oil business in Nigeria. Chief Pom will like the partnership to be short lived- perhaps for about a decade within which he expects his team to have learnt the expertise. However, the two partners disagree on the nature of contract sharing agreement that they should have. Whereas Chief Pom prefers an all risk agreement, the foreign company prefers a technical service agreement. Advise the parties
- (b) Discuss the relationship between the principle enunciated in the case of *Donoghue v. Stevenson* and the concept of environmental protection. - **25 marks**
2. Favour bought a plot of land which unknown to her does not have a good root of title. She later sold the land to Zion who later obtained a C of O on the property. 10 years later while Zion was using the land as a quarry, her engineers discovered oil in commercial quantity. Consequently she established Zion Oil Company and commenced exploration. Within three years the business had expanded and was doing well. The Federal government approached her for partnership but because of some personal misgivings she has about the Minister of Petroleum, she turned down the request and opted to partner with the Lagos state government. The Lagos state government made substantial investment in the company. Two years later the Federal government sought to acquire the entire land which Zion resisted. The government offered to pay compensation but she also turned down the offer. Last month the Federal government demolished all installations on the land, drove the workers away and commenced the use of the land. Zion has gone to court. The Lagos High court upheld her claim over the land and awarded her damages. The Federal government has approached you for advice. Advise them. -
15 marks
3. Chief Jef is a successful businessman in the oil industry. Recently he started nurturing the idea of starting an oil pipeline business but have been told that it is

laden with lot of challenges. As a shrewd businessman he wants to know if it is a viable venture by assessing his rights and the extent of his liabilities if any. He has approached you for advice on:

(a) ObligationsoftheHolderofaLicence

(b) The rights of the holder of the license. - **15 marks**

4. Xavier is a non-Nigerian who has entered into a joint venture with some Nigerian partners to operate an oil business. The joint venture company was registered in Nigeria by some foreigners and Nigerians. In 2000, the federal government granted it an Oil Prospecting License (OPL). Within 3 years the joint venture fell apart. The foreign partners are no longer paying royalties, want to continue with oil prospecting business and has applied for an oil mining license (OML). The government has refused the grant of an OML and wishes to revoke the OPL. Xavier is hopeful that when the license is revoked, it will be re-issued to him since he has been a good friend of the Minister. Advise the foreigners as to their rights in court. On what grounds can the OML be revoked? Can the license be re-issued to Xavier and if so under what condition? - **15 marks**

5. Waheed wishes to commence an oil pipeline business but has been told by some of his friends that are already in the business that his company's OPL will have to be revoked first. Please advise him on:

(a) Conditions for commencing an oil pipeline business

(b) Conditions for revocation of an OPL. - **15 marks**

6. Write notes on any three of the following:

(i) Difference between theDomanialSystem and Qualified interest theory system of ownership

(ii) History of oil exploration in Nigeria

(iii) Oil licenses.

(iv) TheRoleofInternationalLawin NaturalResourcesExploration.- **15 marks**

