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UPDATE 1-Nigeria to give Shell Ogoni oilwells to another firm

Wed Jun 4, 2008 2:28pm EDT

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(Adds Shell comment para 7-8)

By Felix Onuah

ABUJA, June 4 (Reuters) - Oil fields abandoned by Royal Dutch Shell (RDSa.L: Quote, Profile, Research, Stock Buzz) in Nigeria's Ogoniland in the Niger Delta 15 years ago will be given to another oil company this year, President Umaru Yar'Adua said on Wednesday.

Shell closed its operations in the area in 1993 due largely to popular protests over pollution and lack of development.

The protests were spearheaded by a rights group, the Movement for the Survival of Ogoni People (MOSOP), whose leader Ken Saro-Wiwa was executed by the then-military government in 1995.

"There is a total loss of confidence between Shell and Ogoni people," Yar'Adua, who is on a state visit to South Africa, said at a meeting with the Nigerian community in Cape Town.

"Another operator acceptable to the Ogonis will take over. Nobody is going to gain from the conflict and stalemate, so this is the best solution," Yar'Adua said in a statement.

A deal has already been reached with Shell to compensate the Ogoni people for degrading their environment, Yar'Adua said.

Shell said it was yet to receive any official communication on the government's decision to transfer the Ogoni oil wells to another energy company.

"We have seen media reports today ... about government's decision over our interests in Ogoni. We can confirm that we have not received any formal notification about this development and are therefore unable to comment further at this time," a Shell spokeswoman in Nigeria said.

MOSOP had accused Shell of trying to resume oil and gas production without Ogoni consent after a government-backed peace process failed to reconcile the two parties.

The Anglo Dutch firm had denied the charges and said it only wanted to secure wells that have been dormant since 1993 and its oil pipelines that crisscross Ogoniland.

Shell had been trying in vain to mend ties with MOSOP and the wider Ogoni community ever since Saro-Wiwa's execution, which portrayed it in a bad light to many environmental and human rights groups around the world.

Hundreds of placard-carrying villagers staged a protest against Shell in March when MOSOP said the company was trying to force its way back to Ogoniland.

Protesters in the village of K-Dere attacked a major oil pipeline that feeds Shell's Bonny export terminal twice in May 2007, forcing the company to close about 170,000 barrels per day.

MOSOP said then that the attacks were staged by local youths angry with Shell over what they said were unfulfilled promises of jobs and benefits.

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