Professor Weaver was quoted in a Wall Street Journal article about Uganda’s plans to drill in a National Park.

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Uganda Seeks to Reconcile Oil, Nature

Government Plans for Drilling in National Park Spark Worries That 'Money Will Win Over Animals'

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An undated photo shows giraffes in front of a Tullow Oil rig in Murchison Falls National Park. Drilling in the park has sparked controversy.

BULIISA, Uganda—One of Africa's biggest nature parks has turned into a battleground over oil, pitting foreign energy companies and the government of Uganda against environmentalists eager to shed light on their venture.

Oil companies led by London-listed Tullow Oil PLC have found oil reserves estimated to hold up to two billion barrels in the Albertine Rift Valley, which contains Murchison Falls National Park. The park is one of Uganda's biggest tourism draws and home to elephants, giraffes, lions and rare birds.

Tullow's project, which contains one of Africa's biggest onshore oil finds in decades, is seen as crucial to the Central African nation's economy as the government attempts to diversify away from tourism and rely less on foreign aid. The government has given a Tullow consortium the green light to explore and drill in the park.

"As much as we need to protect the environment, oil is an important resource for the country if properly managed," said Aryamanya Mugisha, the executive director of Uganda's state-run National Environmental Management Authority, or NEMA.

That stance has irked environmentalists and villagers who benefit from park tourism. Protected areas support over 80% of Uganda's tourism industry and bring in about $600 million a year in revenue, according to official estimates.

Big oil and environmentalists have never had an easy relationship, but tensions in Uganda run especially high. Civil society groups say that many of the government's decisions surrounding oil have been shrouded in secrecy and that details of Tullow project, including any clear plan to minimize its environmental impact, haven't been disclosed.

Environmentalists have put pressure on the government to disclose its production-sharing agreement by filing several lawsuits in Uganda's capital, Kampala. Production-sharing contracts aren't normally made public.
"The [Ugandan] government is totally uninterested in preserving the wildlife," says Jacqueline Weaver, a University of Houston law professor specializing in oil industry law and contracts, who has visited Uganda and consulted with the government, oil companies and civil-society groups on oil contracts there. "Money will win over animals every time."

Tullow is one of the world's largest independent oil companies, with a $16.5 billion market capitalization and a string of recent Africa successes, including a big Ghana offshore discovery. In Uganda, it has begun drilling appraisal wells and expects commercial production to start next year.

To shoulder the project's financial burden, Tullow has enlisted France's Total SA and China's CNOOC Ltd., each of which will take a third in a joint venture, say Ugandan officials.

Tullow Vice President Tim O'Hanlon told executives at an industry conference last week that the company expects the Ugandan government to approve the new partnership, valued at an estimated $5 billion investment over five years, "within weeks."

Production in three Uganda oil blocks 100%-owned by Tullow—including one that covers some park land—is expected to reach around 150,000 barrels a day by 2015, Tullow has said. African oil giants Nigeria and Angola produce about two million barrels a day.

Mr. Mugisha, the environmental regulator, said Tullow doesn't submit plans for proposed activities on time but has pressed NEMA to approve projects quickly following the discovery of oil reserves. He says the government's rush led to regulatory lapses, such as not ensuring proper disposal of wastewater or drill cuttings, which can lead to pollution of nearby bodies of water which are frequented by locals, livestock and wild animals. The regulatory agency said Tullow hasn't yet put in place an oil-spill contingency plan ahead of extended well testing.

NEMA is a semi-autonomous body under the Ministry of Water and Environment, and can withhold approval of drilling projects if impact assessment reports are deemed insufficient.

Tullow says it has established an environmental-management department and submitted a comprehensive environmental-impact assessment report to address shortfalls cited by the regulator. It aims to manage and dispose of wastewater and drill cuttings as well as restore grasslands at drilling sites.

"Tullow is aware of the sensitivity involved in working in wildlife reserve areas," said Paul Coward, a company environmental manager. "We want to build the oil and gas sector in Uganda and that means building the people as well."

The Ugandan government says it hasn't disclosed details about oil contracts because it's bound by confidentiality clauses. Tullow says it would be willing to reveal more details of its drilling program and contracts, but the Ugandan government has refused to do so.

Tullow's presence is hard to miss around Buliisa, a dusty town bordering Lake Albert, where road signs bear distances between towns alongside Tullow's logo.
The oil venture rankles some. "I think some [local government officials] are very excited about oil and don't have the foresight to consider what future effects oil might have on the community," said Blasio Mugase, 70, a local chief of the Bunyoro ethnic group, who was wearing a Tullow hat. "The income we're getting from [Murchison] is great. The government can't expect oil money to come and replace game parks."

Akelo Oliver, a fisherwoman on the shores of Lake Albert on the outskirts of Buliisa, stacked the day's haul of tilapia in piles to dry under the sun. Behind her an oil rig rose into the sky. Ms. Oliver said the sound of the rig is a combination of a dog's howl and a generator's whirr.

"We don't sleep," she said. "No one has talked to me or told me about what they're doing."

Oversight of oil projects in nature reserves will most likely end up in the hands of the Uganda Wildlife Authority, local officials say. The UWA, a semi-autonomous body set up by an act of parliament in 1996, says it has already run into difficulties.

"We've been castigated for licensing in protected areas," says UWA spokeswoman Lillian Nsubuga. "Meanwhile oil companies are saying we're trying to sabotage their efforts. We're in the middle and everyone feels we're doing the wrong thing."