



**Memorandum of Understanding**

**Between**

**The Bonny Kingdom and the Bonny Joint Industry Companies  
on Community Stake-Holding in the Industry Sponsored 1998/99**

**Community Development Projects**



**MEMORANDUM OF UNDERSTANDING**  
**BY**  
**THE BONNY COMMUNITY AND THE BONNY JOINT INDUSTRY COMPANIES**  
**ON COMMUNITY STAKE-HOLDING IN THE INDUSTRY SPONSORED 1998/99 COMMUNITY DEVELOPMENT PROJECTS**


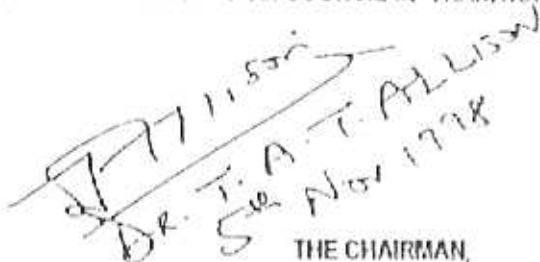


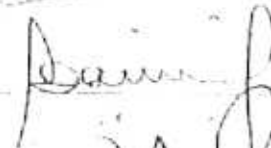

The Bonny Kingdom, here represented by The Council of Traditional Rulers and the Bonny Kingdom Development Committee (BKDC), and the Bonny Joint Industry Companies, comprising Nigeria LNG Limited (NLNG), The Shell Petroleum Development Company of Nigeria Limited (SPDC), and Mobil Producing Nigeria Unlimited (MPN), in order to improve the economic and social life of the Bonny people and to ensure that there is real and sustainable progress on Bonny Island, hereby jointly announce the following agreements and actions.

The Bonny Kingdom and the Bonny Joint Industry Companies agree and hereby declare that the best hope for ensuring sustainable development is through Community Stake-holding.

The Bonny Kingdom cite the commitments contained in this document as their agreed stake-holding and Conditions for Industry assistance for the community development projects listed herein. Both the Joint Industry Companies and the Bonny Kingdom accept the obligations stated herein as their contribution towards the development of the Bonny Kingdom.

PROJECT	COMMUNITY COMMITMENT	JOINT INDUSTRY COMMITMENT
<p><b>BONNY ROADS DEVELOPMENT</b></p> <p><u>Includes:</u></p> <p>1. Bonny By-Pass Road.</p> <p>2. Abalamabie Road.</p>	<p>The Bonny Community undertakes to:</p> <ul style="list-style-type: none"> <li>• Provide land for the Right of Way for the construction of the roads.</li> <li>• Obtain for the Joint Industry Companies and their contractors, before commencement of the work, indemnities from the land owner families against all claims that may arise from the use of their land for community road construction and road usage.</li> <li>• Provide Bonny indigenous labour at reasonable rates and ensure that only same will work on this and the other CR projects, except where the technical expertise is not available locally ("Reasonable" rates being competitive rates in the road construction industry).</li> <li>• Upon completion of construction to take ownership of the roads and to maintain the roads in sound condition.</li> </ul>	<p>The Joint Industry Companies (NLNG, SPDC and MPN) will provide funds for the construction of:</p> <ul style="list-style-type: none"> <li>• A 2.7km road in Bonny Town (Referred to as Bonny By-Pass Road) to relieve traffic congestion along the King William Dappa Pepple Road</li> <li>• A 2.7km road along the existing road embankment to Abalamabie (Referred to as Abalamabie Road).</li> </ul> <p>NLNG will provide project management on behalf of the Joint Industry Companies, and undertakes to:</p> <ul style="list-style-type: none"> <li>• Construct the above roads via its chosen contractors using Community labour.</li> <li>• Ensure that timing of construction coincides with the down turn of activities at the LNG project.</li> <li>• Ensure that its contractors use labour intensive work methods to provide some alternative employment for Bonny youths.</li> <li>• Ensure that BKDC inputs into the design specifications are considered.</li> </ul>

PROJECT ID	COMMUNITY COMMITMENT	INDUSTRY COMMITMENT
<p><b>BONNY TOWN WATER AND ELECTRICITY PROJECTS</b></p> <p><u>Includes:</u></p> <ol style="list-style-type: none"> <li>1. Bonny Power Supply and Distribution.</li> <li>2. Bonny Town Water Scheme.</li> <li>3. Abalamabie Water Extension.</li> <li>4. Management Consultancy.</li> </ol>	<p>The Bonny Community undertakes to:</p> <ul style="list-style-type: none"> <li>• Provide the Right of Way for water pipelines and power distribution system and an indemnity for the Joint Industry Companies and their contractors against claims.</li> <li>• To provide labour at reasonable rates as for above mentioned roads projects.</li> <li>• To establish a Utilities Board (comprising Community, LGA and Joint Industry membership) and management committees to oversee the operation and maintenance of both the water and electricity distribution schemes</li> <li>• To contribute to the cost of operation and maintenance through the payment of reasonable rates to be fixed by the Utilities Board.</li> <li>• To ensure sustainability through implementation of a Business Plan to be drawn up by the Utilities Board assisted by Joint Industry sponsored management consultants.</li> <li>• Work with the Joint Industry Companies, Government and NEPA for long term power supply beyond the year 2003.</li> </ul>	<p>The Joint Industry Companies (NLNG, SPDC and MPN) will provide funds, and NLNG will provide project management for:</p> <p><b>Electricity Supply:</b></p> <ul style="list-style-type: none"> <li>• Replacement of existing power distribution network with one of higher capacity, connected to SPDC's BCOT power generation facilities, from where power will initially be supplied. This source of power will only be available up to the year 2003. The Joint Industry Companies will work with the Community and Government to ensure continued power supply beyond the year 2003.</li> </ul> <p><b>Potable Water Supply:</b></p> <ul style="list-style-type: none"> <li>• Provision of high pressure PVC water supply line from NLNG site (Construction well) to Bonny Water Tower.</li> <li>• Refurbishment of water distribution network and installation of water tapping stations.</li> <li>• Commissioning of existing water treatment plant via negotiations with original Vendor.</li> <li>• Provision of small bore water line from NLNG water well to Abalamabie.</li> </ul> <p><b>Management Consultancy:</b></p> <ul style="list-style-type: none"> <li>• Provision of management consultancy services to assist the Utilities Board in the preparation of business plans.</li> </ul>
<p><b>BONNY COMMUNITY DEVELOPMENT MASTER PLAN</b></p>	<p>The community will contribute personnel to work with appointed consultants and specialists in the development of the Bonny Master plan.</p> <p>The community will guarantee access for the appointed consultants and their staff into the community during their studies.</p> <p>The community will make available relevant information that would facilitate the development of the Bonny Master Plan.</p>	<p>The Bonny Joint Industry Companies will provide funds for the engagement of consultants and other specialists to carry out studies and produce the Master Plan Document that would form the bases of future economic and infrastructure development of Bonny Kingdom.</p>

<p>SIGNED THIS</p> <p>.....5TH.....</p> <p>DAY OF NOVEMBER</p> <p>1988</p>	<p>BONNY KINGDOM REPRESENTATIVES</p>  <p>THE CHAIRMAN</p> <p>BONNY KINGDOM COUNCIL OF TRADITIONAL RULERS</p>  <p>DR. T. A. T. ALLISON</p> <p>5th Nov 1988</p> <p>THE CHAIRMAN,</p> <p>BONNY KINGDOM DEVELOPMENT COMMITTEE</p>	<p>JOINT INDUSTRY REPRESENTATIVES</p> <p>S. J. Ollerenshaw</p> <p>MANAGING DIRECTOR</p> <p>THE NIGERIA LNG LIMITED</p>  <p>S. Olori, Manager Venture, O&amp;G - NGL</p> <p>MOBIL PRODUCING NIGERIA UNLIMITED</p>
<p>WITNESSED BY</p>	<p>FOR THE BONNY LOCAL GOVERNMENT COUNCIL</p>  <p>MR. FORTUNE E. M. BALA CHAIRMAN</p> <p>9/11/98 C.T.C. DLGA</p> <p>FOR THE GOVERNMENT OF RIVERS STATE OF NIGERIA</p>  <p>DR. I. C. BANIGO SSC, A/S 5/11/98</p>	
<p>ROYAL ENDORSEMENT</p>	 <p>HIS MAJESTY KING EDWARD ASIMINI WILLIAM DAPPA PEPPE III</p> <p>PEREKULE XI</p> <p>AMAYANABO OF GRAND BONNY</p>	