



GENERAL HYDROCARBONS LTD

7th of November 2024

Mr Yemi Cardoso

Governor, Central Bank of Nigeria
Central Business District,
Abuja, FCT.

Your Excellency,

We write to you with all sense of responsibility and bring to your esteemed presence a matter of great importance involving First Bank of Nigeria Limited (FBN) and General Hydrocarbons Limited (GHL)

Relevant Context:

1. In 2020, Mr Oba Otudeko, then Chairman of FBN Holdings Plc approached me to assist with an introduction to the Nigerian National Petroleum Corporation (NNPC) GMD, Mr Mele Kyari, (he said he had seen us together in the media). His problem was that the NNPC under the late Maikanti Baru then GMD, NNPC had refused to sign the security documents for the now bad, non-performing loan to Atlantic Energy Drilling Concept Nigeria Limited (Atlantic Energy) for OML 26, OML 42, OML 30 and OML 34 under separate Strategic Alliance Agreements between Atlantic Energy and NPDC Limited, claiming it was a fraudulent scheme to defraud the Federal Government by the then Minister of Petroleum Resources, Diezani Allison-Madueke.
2. I facilitated the meeting where Mr Mele Kyari, GMD of NNPC told Mr Otudeko that there was nothing he could do given that the assets had been re-assigned to other parties led by the NNPC owned Nigerian Petroleum Development Company (NPDC) Limited.
3. During the discussions where I was present, it was clear that the loans given by FBN to Atlantic Energy did not follow due process and FBN was now faced with an unsecured and non-performing exposure of \$718M and was on the verge of becoming a systemic risk to the banking sector.
4. It was discovered that FBN had given this loan recklessly without security as part of a scheme that funded Diezani Allison-Madueke and Kola Aluko, (details of these are still being investigated by Nigeria's Economic and Financial Crimes Commission "EFCC" and the United Kingdom's National Crime Agency "NCA").

The Facts:

5. Mr Oba Otudeko sought my assistance to get FBN out of a potentially catastrophic situation and we agreed that since I had an approved Oil Mining Lease (OML) from the then President Umaru Yar'adua (under Section 2 of the Nigerian Petroleum Act



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1969 as amended in 2004), we should work together. The OML licence was then ratified by President Muhammadu Buhari as President and Commander in Chief and Minister of Petroleum Resources, resulting in OMLs 120 and 121 being granted to General Hydrocarbons Limited on the 7th of April 2021 by the Department of Petroleum Resources (now renamed the Nigerian Upstream Petroleum Regulatory Commission "NUPRC"). GHL promptly paid the required Signature Bonuses to the Federal Government, to conclude the award.

6. After several meetings between GHL and FBN led by Mr. Otudeko, Mrs Ibukun Awosika (then Chairperson of FBN) and Mr. Adesola Adeduntan (then MD/CEO of FBN) and other Directors, it was agreed that since I had a valid OML award and they had finance, they would finance the optimum exploration, development and production of OML 120 and share the profit 50-50 with GHL over eight (8) years to help reduce the holes in their books caused by their non-performing loans (NPLs), specifically their toxic Atlantic Energy loan. However, we made it clear that we are not Atlantic Energy and would never assume their obligations which was then being pursued by AMCON and EFCC and our central role was to assist FBN return to good standing with a totally different transaction structure as GHL has no nexus with Atlantic Energy.
7. FBN then went to AMCON to sell their outstanding exposure as an Eligible Bank Asset (EBA) which was discounted and to be paid off by fifty percent profit from FBN's financing of the optimum exploration, development and production of OML 120 over eight (8) years and FBN agreed to a claw back provision with AMCON that if the Outstanding Exposure was not paid, AMCON will claw back the EBA from the books of FBN.
8. To this end, parties (GHL and FBN) then signed a Memorandum of Understanding (MOU) which was agreed would be a legally binding agreement, for FBN to finance the optimum exploration, production and development of OML 120 and share profits with GHL after deduction of statutory taxes and expenses, to pay back the EBA to AMCON. Essentially, FBN had an ailment caused by Atlantic Energy, AMCON was the Doctor treating FBN's ailment through its EBA and GHL's medicine was to cure FBN's ailment.
9. FBN and AMCON then signed a Loan Purchase and Limited Servicing Agreement (LPLSA) between themselves after which FBN, AMCON and GHL now signed an Outstanding Exposure Tripartite Deed (the Tripartite Deed) which allowed GHL to guarantee payment of a now discounted outstanding exposure on the books of FBN of \$600M (Six Hundred Million Dollars) in Naira, in exchange for financing the optimum exploration, development and production of OML 120 by FBN.
10. Once GHL signed the Outstanding Exposure Tripartite Deed effective 31st December 2021, FBN's account which was then classified by the Central Bank of Nigeria (CBN) was now whole again having escaped a loan loss provision of 302Bn Naira against a profit of 151Bn Naira ultimately declared for the year ending 31st December 2021. Had GHL not signed and guaranteed the EBA to AMCON, FBN's loss for 2021 would have been 161Bn Naira, a whopping amount for the financial sector at that time, when the exchange rate was ₦400 - \$1 having regard to the fact that this loan had

been classified and non performing since 2015 (six years before). Having saved them this massive hit, FBN's books now became performing, avoiding a market punishment and loss of confidence that would have followed their loss which they may never have recovered from as a result of their own reckless lending.

11. At GHIL, we are wondering if FBN used us to get to profitability under false pretences knowing that they had no intention of meeting their financial obligations to GHIL of fully funding the optimum exploration, development and production of OML 120 as events would later show, some of which we will now itemise below:

11.1 Once FBN had gotten its way, it started putting stumbling blocks in the financing of the development of OML 120 in clear breach of clause 5 of the Outstanding Exposure Tripartite Deed which stipulates as follows:

5. Funding Commitment

5.1 The parties to this deed agree that:

5.1.1 The bank shall where the Primary Obligor has satisfied all conditions precedent to disbursement under the Facility Agreement, disburse all of or part of the facility amount to the Primary Obligor, no later than five (5) business days after the Primary Obligor makes a utilisation request in accordance with the terms of the Facility Agreement.

5.1.2 The terms of the mandate letter shall apply, if the bank fails to disburse all or part of the facility amount to the Primary Obligor as stated in clause 5.1.1 above and fails to provide satisfactory reasons to the Corporation justifying the bank's failure to disburse the facility amount or any part thereof to the Primary Obligor, where the Primary Obligor has satisfied all conditions precedent for the disbursement of the facility amount or any part thereof in accordance with the terms of the Facility Agreement.

11.2 FBN had signed a Mandate letter dated 28 March 2022 authorising the CBN to deduct the sum of \$110M or any part thereof from FBN's Operating Account with the CBN where FBN fails to advance the facility amount or any part thereof to GHIL after the expiration of five (5) business days after GHIL makes a utilisation request in accordance with the Facility Agreement.

11.3 Over seventy of such utilisation requests made by GHIL took FBN between seven (7) days and sixty-seven (67) days to pay, (instead of five days) resulting in huge losses to GHIL (please see attached itemised evidence). Vendors that were supposed to be paid **simultaneously** for a drilling

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campaign **received staggered payments** at different times resulting in the loss of 217 (two hundred and seventeen) man days and \$47M (Forty-Seven Million Dollars) to GHL due to FBN's failure to meet these obligations to make payment within five (5) days.

- 11.4 It is noteworthy that all payments by First Bank were to 3rd party contractors and service providers whom they had pre-approved.
 - 11.5 Indeed, at some point, GHL almost had an unfortunate incident on the rig with the lives of 100 souls on board without food or water due to FBN delays in disbursements, resulting in an international incident such that Shell and Mobil had to come to GHL's rescue in the deep sea, saving the Country from international infamy.
 - 11.6 FBN's reluctance to pay as at when due started soon after consultants appointed and working for FBN and AMCON started making demands of GHL for "fees" not connected with the transaction. Indeed, GHL told the consultants that this would amount to bribery and corruption (we have evidence).
 - 11.7 Later, GHL wrote a formal complaint to the then Managing Director of FBN and then Managing Director of AMCON (see attached). AMCON informed GHL that they would escalate the complaint to the CBN but till date we are yet to get any feedback from AMCON or CBN.
 - 11.8 FBN later convened a meeting in September 2022 in Cairo, Egypt during their scheduled Board retreat. It was agreed at the sidelines of the retreat by FBN's directors that GHL needed another \$47M - \$50M to complete the drilling campaign, get Competent Persons Report (CPR) for the Ewo field (where GHL made a P50 discovery, to industry acclaim, of 300M barrels of crude oil), and then proceed to do the OYO 8 workover. It is noteworthy that the Ewo discovery is what makes the entire transaction viable such that it will pay-off existing debts and AMCON'S EBA.
 - 11.9 FBN became very tardy in disbursing after GHL failed to pay its "consultants" and did not disburse the \$25M out of the agreed \$50M until three to four months later, in January/February 2024, causing more losses to GHL's drilling operations as we were liable for over \$500,000 per day for the Blackford Dolphin rig which was on standby mode (not operating) during the period of non-payment.
 - 11.10 Furthermore, Afreximbank also offered some support financing to GHL but FBN failed to acknowledge or respond to Afreximbank's Term Sheet and letter (see attached), seeking to share the security pari passu and a confirmation of the loan repayment plan as stated in its Term Sheet (subject to Afreximbank's Board approval), which had been forwarded to FBN for review and approval. FBN's failure to respond killed the offer.
12. Since FBN got its way and avoided the 160Bn Naira loss following GHL's signing of the Outstanding Exposure Tripartite Deed and with its account now performing, FBN

has failed, refused and/or declined to perform its obligations under the MOU and the Outstanding Exposure Tripartite Deed, contributing to GHG's loss of the Blackford Dolphin drill ship for which we are currently facing claims of over \$100M (One Hundred Million Dollars) now in Arbitration.

13. Shockingly, to show how low and unprofessional FBN has become, the Court Processes served on them found their way (within hours of service to FBN), to Dolphin's lawyers in the ongoing arbitration between Dolphin and GHG. Interestingly, Some of FBN's lawyers are Dolphin's lawyers too.
14. Furthermore, the Finance documents require GHG to share all contracts and litigations with FBN, including our legal strategies so as to keep them informed and abreast of litigation risks. This privileged information received by FBN as a result of our covenants in the Finance documents are now being shared with our opponents in clear breach of data protection laws and global best practices, as well as our non-disclosure agreements. The impact of a bank's breach of customer information shared with customer's opponent in a court process is for CBN to investigate and determine, giving how fundamental this is to banking relationships, confidence and risk management.
15. The loss of the Blackford Dolphin drill ship was huge in monetary losses, market goodwill, loss of reputation and other unquantifiable losses. For a long time GHG could not secure another Rig given the debacle with Blackford Dolphin.
16. Luckily, GHG was recently the beneficiary of an exceptional good fortune when GHG's Directors were able to use their contacts and goodwill with TotalEnergies to secure a farm-out of its Noble Rig (drill ship) (which happens to be the only drill ship available in Nigeria currently capable of carrying out a drilling campaign in the deep offshore).
17. For that, having consulted widely with the new management of FBN and got a pre-approval, GHG applied for a \$53M facility on August 28 2024.
18. When the facility was finally offered two months later on October 28 2024, FBN smuggled in a new variable of the appointment of an Independent Asset Manager under a Framework Agreement which is unknown to and seeks to effectively replace critical parts our foundational MOU, unknown to the Tripartite Deed between AMCON, FBN and GHG and also unknown to the Petroleum Industry Act (PIA), and cynically seeks to breach the basis of our relationship after the fact, to wit: after FBN had received benefits by restating its accounts, avoiding 160Bn Naira loss in 2021 and for which GHG had received no benefit. Instead, to save the project and keep operations going, GHG and related entities have ended up spending over \$50M (Fifty Million Dollars) of hard-earned monies as reflected in its Audited Accounts for 2023 and its nine months Management Account ended September 30 2024) which FBN promised to refund, but has not done so
19. The Framework Agreement seeks to give FBN full control over OML 120, the bona fide asset of GHG by assuming powers to effectively hire, and full powers to fire even without cause; physically take over the offices of GHG (which FBN did not pay for), sack its award-winning staff and engineers who discovered 300 million barrels of oil in Ewo field, and take control of GHG's assets and intellectual property.



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20. At the same time, the Framework Agreement seeks to create an unaccountable Independent Asset Manager controlled by FBN, for the benefit of FBN whilst GHL, now an outsider in its own company will continue to carry all the liabilities of the Tripartite Deed and the Finance Documents. Furthermore, FBN did not disclose the cost to GHL of the appointment of this Independent Asset Manager, which Industry experts have said could cost the company between \$30M - \$50M dollars per annum.
21. All attempts to make the Directors of FBN see reason failed. FBN is attempting to take over GHL's bona fide assets, a company that came to the rescue of FBN at its lowest point. A company that signed an MOU with FBN which kept it in good standing and for which GHL had zero benefit, when FBN deterred, failed and refused to meet its obligations to GHL as at when due, causing huge financial losses, loss of reputation and erosion of goodwill.
22. All of these after GHL appointed a new Chief Financial Officer (CFO) sourced from Ernst and Young (a global accounting firm) in a secondment agreement at the request of FBN. GHL accepted this in line with its desire to promote full transparency and accountability and signed an agreement with Ernst and Young to continue to provide a CFO and Financial oversight over GHL's affairs, giving that GHL had nothing to hide,
23. Furthermore, in failing to pay for the Noble Rig (drill ship) farm-out from TotalEnergies, Baker Hughes, Schlumberger, Halliburton and other service providers under existing agreements, FBN is seeking to stop critical cash flow from the OYO 8 workover which will produce an extra 5,000 bopd designed to produce more cashflow to meet existing obligations and finance the Ewo appraisal and development. The production of 5,000BOPD from Oyo 8 workover and development of Ewo Field is also of national importance under the Project IMM extra barrels of oil per day initiative of the Federal Government and the NUPRC. More importantly, FBN is putting at risk the repayment of the outstanding exposure to AMCON and the repayment of its new facilities under the MOU and seeking to create Atlantic Energy 2 by trying to orchestrate another non-performing loan situation. GHL will resist this with all the powers of the law and will not allow any non-performing loan in its name as we remain committed to meeting all our obligations.
24. In addition, FBN's non-payment for the TotalEnergies farm-out of the Noble Rig (drill ship), has exposed GHL to over \$15M default penalty by 14 November 2024 which FBN is fully aware of. These costs are in addition to further millions of dollars in costs and exposures to global service providers like Schlumberger, Baker Hughes, Century FPSO and Marine Platforms, Halliburton, etc.
25. For over three years, despite demands from GHL and in line with all the signed agreements, FBN has refused, failed and neglected to pay salaries and operating expenses of GHL staff, offices and operations. If they cannot pay for GHL personnel and operations, how do they plan to pay for an additional independent asset manager, when GHL has already appointed ab initio Schlumberger and Baker Hughes as joint technical operators and advisers. Whilst our management and seismic teams comprise of the best of Shell, Mobil, Chevron, Total, etc with cognate deep-water experience of the neighbourhood, making GHL the one and only



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indigenous operator, building local capacity in deep water Nigeria at over 400m in the deep sea.

Mr. Governor, we have been left with no choice but to go to court and arbitration to preserve our fundamental rights and our rights under the agreements in the face of FBN's attempts to clubber and bully us out of existence. We are seeking to enforce the provision of our MOU which allows us to raise finance independent of FBN when they fail to do so, for which they have failed abysmally. After over three and half years (3.5) years, all we have received from FBN is bad faith.

We write to you with utmost respect and urge you to use your good offices as regulator of the banking industry and protector of customers who has led the return to orthodoxy to take the following action.

Our Prayers:

1. Direct FBN to immediately comply and continue to comply with its obligations to GHL.
2. To save the project and meet TotalEnergies/Noble Drilling November 14, 2024 final deadline and in line with Clause 5 of the Tripartite Agreement, and FBN's Mandate Letter to CBN dated March 28 2022, for which GHL has already lost \$47million and 217-man days, debit the accounts of First Bank with CBN for the sum of \$53million and pay Noble Corporation/TotalEnergies and other service providers as listed for the Oyo 8 Workover.

Yours sincerely

For: General Hydrocarbons Limited

Nduka Obaigbena, CON
Chairman

CC:

1. Deputy Governor, Financial Systems Stability, CBN
2. Director of Banking Supervision, CBN
3. Managing Director/CEO, AMCON

We also attach the following:

- i. The MOU dated May 29, 2021
- ii. The Outstanding Exposure Tripartite Deed effective December 31, 2021
- iii. Letter to First Bank copying AMCON on non-compliance
- iv. Proposed Execution copy of FBN's Framework Agreement (For your information)
- v. Payment Instruction for TotalEnergies/Noble Corporation, etc Oyo 8 Workover
- vi. GHL – Nigeria's first and only player in Deep Offshore Nigeria.