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## Essay: ExxonMobil – Oil and gas company

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ExxonMobil is an American oil and gas company, which is the world's largest publicly traded in the industry. In 2007, an enormous oil field was discovered nearby Ghana's shores, causing a frenzy of oil companies to obtain a portion of oil rights for themselves from the West African coast including Liberia. Liberia is a country that has been notable for corruption with many resource exploitation deals with foreign corporations. ExxonMobil, Chevron Corp., and many other Western oil companies wanted a share of this oil find. In order to compete with foreign and local rivals, with an increasing amount of laws focused on eliminating corruption around the world, ExxonMobil needed a plan to work around these anti-corruption laws.

On its face Liberia appears to be a very questionable country. Run by nepotism, the then-president Ellen Johnson Sirleaf, appointed one of her sisters and three of her sons to key government positions, one of whom, Robert Sirleaf was soon to become the chairman of Nocal, the National Oil Company of Liberia and the agency responsible for regulating of most oil dealings within the country. The drilling rights ExxonMobil sought in Liberia appeared to be linked to former officials from the West African nation, according to internal ExxonMobil documents and people familiar with the negotiations, whom were investigated by the Wall Street Journal. Furthermore, Adolph Lawrence, a Liberian lawmaker who was chairman of Nocal at the time of the questionable dealings, once held contracts that gave him the right to buy a stake in Liberia's

state-run oil company.

As businesses are progressing, the U.S. and European Union have been pushing for transparency measures to prevent corruption. Laws have been putting emphasis on companies to “[always] disclose payments to foreign governments”. The U.K. in 2010 passed a law called the Bribery Act, a close cousin to the U.S. Foreign Corrupt Practices Act, which bars public companies from bribing government officials to gain an advantage over competitors. However, Rex Tillerson, the CEO of ExxonMobil at the time, lobbied against that regulation, arguing that it put U.S. companies at a disadvantage to foreign rivals such as Russian and Chinese state-owned oil companies who are indifferent to being seen as corrupt by watchdogs in order to gain an economic advantage. ExxonMobil’s lobbying and public positions raise a lot of questions about their business practices.

In order to misguide regulators and skirt anti-corruption laws, ExxonMobil set up an elaborate deal in order for it to acquire the oil rights from Peppercoast with the coordination of Nocal and future chairman Mr. Sirleaf. This deal was explained to Nocal in several meetings in London before getting their approval. First, Peppercoast transfers the oil rights to Canadian Overseas Petroleum (COP) while receiving compensation from Nocal. In finding the Canadian company as an intermediate ExxonMobil avoids close examination as Canada is considered a trustworthy area for global transactions to take place. In this way, ExxonMobil minimized the risks of scrutiny when a growing body of U.S. and European laws aimed at stamping out corruption around the world are being aggressively enforced. After transferring ownership to COP, Nocal took out a loan in order to pay Peppercoast. Then COP transferred an 80% stake in the oil project to ExxonMobil. Finally, ExxonMobil paid off Nocal’s loan which resulted in \$1.5 million in fees for the bank, \$45 million in compensation for the Liberian government, and \$5 million in bonuses to Nocal themselves. It ended up being revealed, that Nocal used this bonus to reward their employees and Sirleaf himself.

If ExxonMobil wants to make a deal with such questionable countries like Liberia, it will have to go through more rigorous scrutiny. “There were a lot of suggestions that contracts were not signed in the way they would be under a more stable government,” said Jeffrey Wood, a U.S. lawyer who has worked with the Liberian government on natural-resource oversight and helped it with the ExxonMobil deal.

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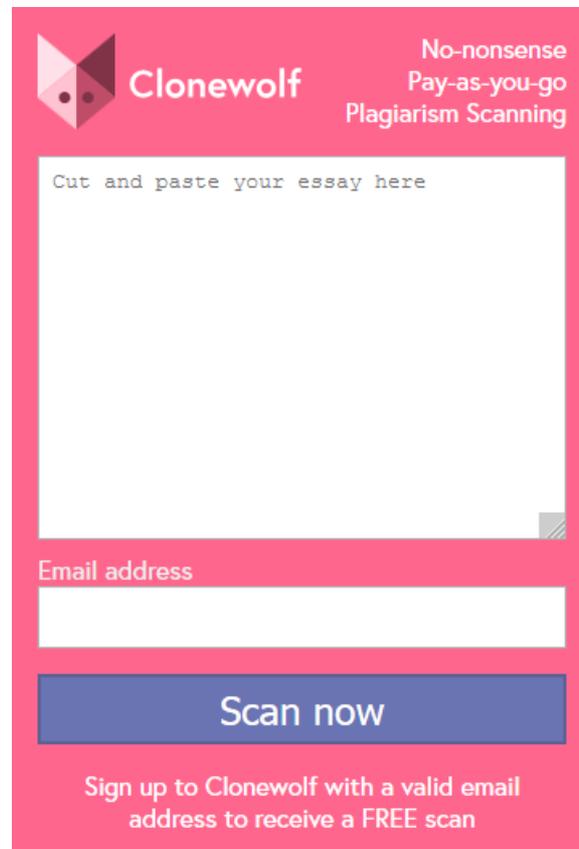
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