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Risk Insight for Oil & Gas Service Companies

THE EXPOSED BUSINESS

NOSDRA Stopped Monitoring Gas Flaring.

Here's Why Your ESG Documentation Is More Critical Than Ever.

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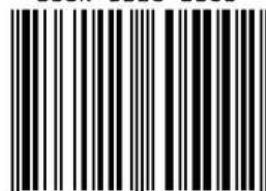


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The Watchdog Stopped Watching. The Standards Got Stricter.

In late 2025, Nigeria's gas flare watchdog stopped watching. The National Oil Spill Detection and Response Agency, which had spent six years building a real-time tracking system capable of monitoring every gas flare site across Nigeria's producing assets, quietly discontinued its gas flare monitoring and tracking operations. When contacted on the decision.

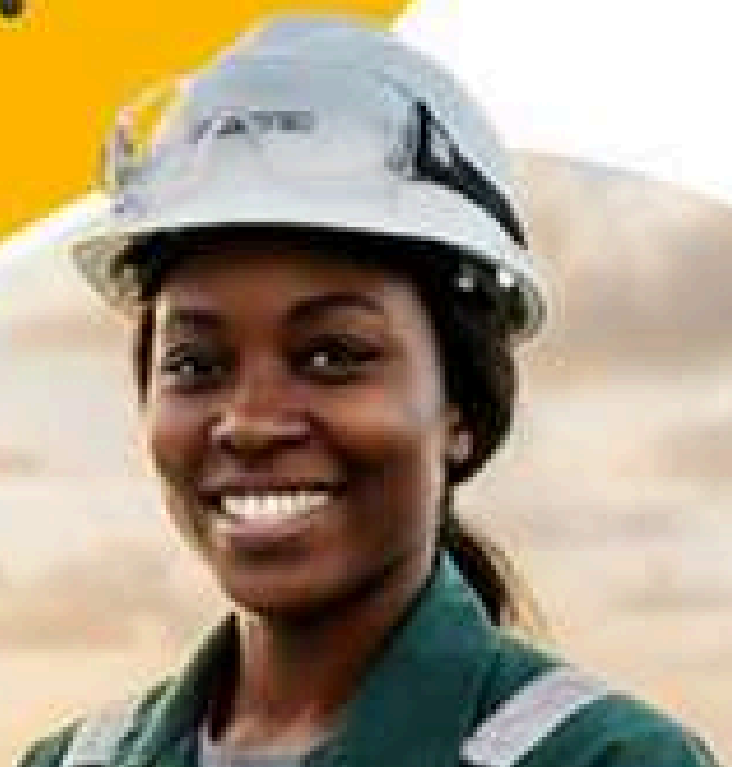
NOSDRA refused to provide any reason for its decision to discontinue gas flare tracking. ¹ No public timeline for resumption. No statement on what fills the gap. No explanation. If you lead a Nigerian oil and gas service company, your first instinct on hearing this may have been quiet relief. The regulator stepped back. The enforcement pressure should ease. The documentation requirements should loosen.

It has not. It has intensified. And the reason why is the most important thing you will read in this newsletter this week.

What Actually Happened When NOSDRA Stepped Back

Here is the paradox at the Centre of this week's article. Oil and gas companies flared an estimated 323.2 million standard cubic feet of gas in 2025. ² Oil and gas companies incurred \$646.3 million in penalties for gas flaring in 2025, the highest penalty figure in five years. ³ the flaring got worse. The penalties got bigger. And the body responsible for monitoring it stopped monitoring. What this created was not a compliance vacuum. It created a governance vacuum. And governance vacuums in regulated industries are never filled with less scrutiny. They are filled with more of it, from different sources, applied differently and less predictably.

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Many companies have been choosing to pay the fine rather than invest in gas commercialisation infrastructure, which has further undermined the effectiveness of the enforcement model. The response has not been to ease the documentation burden. The response has been to change who is enforcing and what they are measuring.

The Directive That Changes Everything for Service Companies

On 13 April 2026, while most of Nigeria's oil and gas sector was focused on production volumes and financing conversations, the NUPRC issued a directive that will fundamentally change the emissions documentation environment for every company operating in the upstream sector.

NUPRC DIRECTIVE — 13 APRIL 2026 | EFFECTIVE IMMEDIATELY

Operators and service providers must adopt IPCC Tier 2 methodologies from Q3 2026.

Full transition to IPCC Tier 3 measurement-based MRV systems required by January 2027.

All current submissions to the NUPRC must already comply with verifiable, transparent, evidence-based MRV principles.

Acceptable frameworks: IPCC, OGMP 2.0, API, and ISO standards.

“The directive marks a shift from policy-level expectations to an auditable, evidence-driven compliance framework.” Aluko and Oyebode, April 2026”

Transparent. Verifiable. Evidence-based. Those three words describe the standard that every operator in Nigeria's upstream sector must now meet for their emissions reporting. And those three words describe exactly what most Nigerian service company documentation is not.

Why This Lands on Service Companies, Not Just Operators

The immediate assumption is that the NUPRC directive is an operator obligation. The mechanism by which it becomes a service company problem follows the same pattern as every other ESG and compliance requirement covered in this newsletter.

Operators required to submit Greenhouse Gas Emissions Management Plans under the new NUPRC frameworks need to account for emissions across their entire operational footprint. That footprint includes every service company operating under their licence. An operator whose contractors cannot provide verifiable, evidence-based environmental performance data cannot produce the transparent, auditable GHGEMP that the NUPRC directive requires.

The service companies that initiate this conversation with their operator clients before Q3 2026 will be the ones who shape how that relationship evolves. The ones that wait to be asked will be reacting to a requirement they are already behind on.

Roughly 60% of gas flaring in 2024 originated from indigenous operators. The companies doing the most flaring are indigenous operators, and the service companies working deepest in their supply chains are indigenous Nigerian service companies. This directive lands most heavily where Nigerian service companies are most concentrated.

What the Numbers Tell You

Nigeria's onshore gas flaring surged despite multiple regulatory crackdowns, pushing the country to second place globally in volume increase according to the World Bank's 2024 Global Gas Flaring Tracker Report. The enforcement model built around penalties has demonstrably failed to deter flaring at scale. The NUPRC's shift to mandatory, verifiable, measurement-based reporting is a direct response to that failure.

The new model does not ask whether companies paid their penalties. It asks whether they can prove what they actually emitted and how they managed it.

That question will reach service companies before most of them have prepared an answer.

Three Actions Before Q3 2026

Download the NUPRC's published GHGEMP template from nuprc.gov.ng and review it against your company's current environmental documentation. The template tells you exactly what verifiable evidence is required. Your current records tell you exactly how far you are from meeting it.

Assess whether your environmental performance records are descriptive or evidenced. Descriptive records say what happened. Evidenced records show it with data that can be verified by a third party. The NUPRC directive requires the latter.

Begin the conversation with your primary operator clients about how your company's emissions data will contribute to their GHGEMP submissions before the Q3 2026 deadline. The service companies that initiate this conversation first will be the ones who shape how that relationship evolves.



■ NUPRC MRV Directive Takes Effect Immediately for All Submissions

Issued 13 April 2026, the NUPRC directive requires all upstream operators and service providers to adopt IPCC Tier 2 emissions reporting by Q3 2026 and fully transition to Tier 3 or equivalent measurement-based MRV systems by January 2027. ■ The directive takes effect immediately for all current submissions to the Commission. There is no grace period for companies that are already in active conversations with the NUPRC. This is not a future requirement. It is a current one.

■ NOSDRA Discontinues Gas Flare Monitoring With No Explanation or Timeline

Nigeria's primary gas flare watchdog stopped tracking and monitoring gas flaring in late 2025 and has refused to provide any reason for the decision or any timeline for resumption. ¹ The NUPRC has since stepped up its own enforcement framework with the April 2026 directive. The monitoring vacuum left by NOSDRA's withdrawal has been filled not with less scrutiny but with more rigorous documentation requirements from a different regulatory body with binding deadlines.

■ \$646 Million in Gas Flaring Penalties for 2025 and Companies Are Still Choosing to Flare

NOSDRA data confirmed \$646.3 million in gas flaring penalties for 2025, the highest in five years. ³ Analysts note that weak penalties and the high cost of gas infrastructure continue to make flaring the economically rational choice for many operators. The NUPRC's shift to mandatory, verifiable MRV reporting is a direct regulatory response to the failure of the penalty model to deter flaring at scale. The service company implication is that the commercial pressure to demonstrate verifiable environmental performance is now permanent, not cyclical.

ONE ACTION. THIS WEEK. NO EXCUSES.

Download the NUPRC GHGEMP Template and Do One Honest Assessment.

Go to nuprc.gov.ng. Download the Greenhouse Gas Emissions Management Plan template published under the April 2026 directive. Open it. Read the data fields and the verification requirements. Now look at your company's current environmental records and answer one question: could your records satisfy these requirements today? If yes, you are ahead of most companies in Nigeria's oil and gas service sector. Document that fact and use it commercially. If no, you now have a published regulatory standard, a Q3 2026 deadline, and a clear picture of exactly what you need to build. The template has removed every excuse for not knowing what is required. The only remaining variable is whether you decide to act on it before your operator clients ask the same question.

“When one regulator steps back, it rarely means the pressure is easing. It usually means another is about to step forward with a harder ask. That is exactly what happened here.”

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