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Risk Insight for Oil & Gas Service Companies

THE EXPOSED BUSINESS

Nigeria's Flaring Problem Just Became an Export Problem.

The World Bank has published its 2025 Global Gas Flaring Tracker Report. The number that matters is not the one you think.

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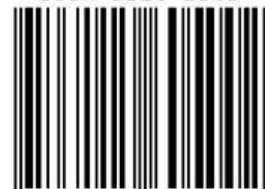
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THE GAP BETWEEN THE PODIUM AND THE PLANT

Last week, the World Bank released its 2025 Global Gas Flaring Tracker Report. Nigeria's flaring rose 8 percent in 2025. Crude oil production also rose 8 percent. The country flared roughly nine billion cubic metres of gas, placing seventh among the world's largest flaring nations. Flaring intensity, the volume of gas wasted per barrel of oil produced, was unchanged from 2024. If you have been reading the Brief, none of this should surprise you. What is new is the audience for the number.

In Edition 05 we covered two events in the same week. NUPRC issued the strictest measurement, reporting, and verification directive it has published on gas flaring. NOSDRA, the environmental regulator responsible for actually monitoring flare stacks, quietly paused its monitoring programme.

The World Bank number is what the gap between those two events looks like at year end. Flaring rose in line with production. Zero efficiency gain per barrel. Every advanced producer on the list except Iraq, Libya, and Nigeria improved intensity. The United States reduced flaring intensity by 10 percent. Venezuela reduced it by 11 percent.

The disconnect between regulatory posture and regulatory action is now measurable, satellite verified and published by an institution the market reads.



RISK INTELLIGENCE BRIEF

Brussels is watching, and the timeline has hardened

The EU Methane Regulation entered force in August 2024. Until recently it was a slow-moving instrument with distant enforcement dates. In the past ninety days, three things have changed that. First, the Methane Transparency Database launches in September 2026, two months from now. It will publish supplier country and operator methane performance profiles.

Second, MRV equivalence reporting for import contracts begins on 1 January 2027. Importers into the EU must demonstrate that non-EU producers are operating under measurement, reporting, and verification rules equivalent to EU standards.

Third, from 5 August 2030, any oil, gas, or coal contract signed or renewed thereafter must meet a maximum methane intensity threshold set by the European Commission. The Commission drafted a three-year suspension of importer penalties in May 2026. The suspension is now contested by climate advocates, and Germany has separately warned that the rules threaten LNG supply. Whichever way the enforcement debate lands, the reporting regime is arriving on schedule.

For Nigerian LNG, this means every renewed contract from mid 2028 onward will need auditable methane intensity data. NLNG shipped 77 billion cubic feet to Spain and 34 billion cubic feet to France in 2024. Those contracts renew.

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THE CAPACITY GAP NOBODY IS PRICING

Flare-gas capture is capital intensive infrastructure. Gas gathering systems, processing units, pipelines to demand centres, monitoring instrumentation. It is not built with tax incentives. It is built with financed engineering, procurement, and construction.

In Edition 06 we reported that Nigerian service companies are being turned away at the financing table, both by international banks pulling back from fossil-fuel adjacent lending and by domestic banks unwilling to underwrite long-tenor infrastructure at current rates. That was framed as a service-sector problem. It is now the binding constraint on the country's flaring response.

The Nigerian Gas Flare Commercialisation Programme has been running since 2016 with the stated goal of auctioning flared gas to third-party investors for capture and monetisation. Actual capture projects at scale remain scarce. Without financed local capacity, the response to EU MRV requirements will depend entirely on IOCs and Dangote-scale independents building their own systems on their own assets.



THE CAPACITY GAP NOBODY IS PRICING

The verdict

Gas flaring in Nigeria has moved from being an environmental issue and a revenue issue to being an export competitiveness issue.

The 2035 zero-routine-flaring target was set when flaring was a domestic problem. The EU Methane Regulation effectively pulls the deadline forward to 2028 for any Nigerian gas being sold into Europe. That leaves roughly 26 months to install measurement, reporting, and verification infrastructure that meets EU equivalence standards, in a market where the primary operators of that infrastructure cannot access financing.



The number to watch is not the 8 percent. It is the number of Nigerian LNG contracts that get renegotiated between now and August 2030 with methane intensity clauses written into terms. That number is currently zero. It will not stay there.

WHAT TO WATCH

September 2026. EU Methane Transparency Database goes live. First public signal on how supplier country data will be handled and how Nigeria's producers rank against peers.

January 2027. EU MRV equivalence reporting begins for imported gas contracts. First test of whether Nigerian upstream data meets EU verification standards.

H2 2026. NUPRC enforcement action on flaring penalties, or the visible absence of it. The gap between the MRV directive and actual penalty collection is now the leading indicator of whether Nigeria will hit any of these deadlines.

NLNG contract renewals. Watch European buyer terms. The first LNG contract that includes a hard methane intensity clause will set the market benchmark for every renewal that follows.

NGFCP project awards. The distinction that matters is between paper allocation and construction start. Track the ratio.