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THE EXPOSED BUSINESS

The Cost of Standing Still.

Nigeria lost $154 million to gas flaring in five months.
Most service companies think that is operator's problem.

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RISK INTELLIGENCE BRIEF

You Are Working on the Same Assets That Are Burning Nigeria's Money.

Let me start with the number that should stop you mid-scroll.

Between January and May 2025, the monetary value of gas flared in Nigeria was $154.1 million. Nigeria lost 15,400 gigawatt hours of power generation potential in those five months alone, a 17.5% increase compared to the same period in 2024. The defaulting companies were liable for penalties amounting to $308.1 million. [1]

Read that again. In five months, the penalty exposure for gas flaring reached $308 million. Nearly double the value of the gas itself.

And it did not stop there. Nigeria lost $1.1 billion to gas flaring across the full year of 2025, as oil and gas companies burned 323 billion standard cubic feet of gas. The volume flared in 2025 was 7.2% higher than in 2024. The offending companies were liable for penalties of $646.1 million. The gas flared contributed 17.2 million tons of carbon dioxide into the atmosphere and had the potential to generate 32,300 gigawatt hours of electricity. [2] These are not environmental statistics. They are financial and commercial realities cascading directly into how operators manage their contracts, their supply chains, and the service companies working under their licences.

If you lead a service company operating on or near these assets, this conversation is about you.

Why Gas Flaring Is Now a Service Company Problem

The immediate assumption is that gas flaring penalties fall on operators. They do. But the operational and commercial consequences cascade downstream to every company in the supply chain.

When an operator is carrying $308 million in cumulative NOSDRA penalties, that financial pressure does not stay in the boardroom. It tightens budget cycles, delays contract renewals, slows payment timelines, and accelerates compliance scrutiny of every contractor operating under the licence.

Under Section 104 of the PIA 2021, gas produced in the course of petroleum operations shall not be flared or vented except under conditions expressly permitted by the Act or regulations made under it. Section 105 places an obligation on upstream operators to submit gas utilisation plans as part of their field development approvals. [3] These obligations do not stop at the operator. They flow through every contractor and service company working under those licences.

Onshore operations accounted for 63.8% of total gas flared in 2025.

- **That is the heart of where service companies operate.**

3

THE THREE COMMERCIAL CONSEQUENCES FOR SERVICE COMPANIES

1

Documentation requirements are escalating at the pre-qualification stage.

Operators under gas flaring enforcement pressure are cascading environmental documentation requirements down to their contractors. Service companies that cannot demonstrate environmental performance records, HSE management systems aligned to PIA requirements, and documented community engagement are increasingly finding themselves disqualified from engagements on the very assets where they have years of operational history.

''An undocumented track record is not neutral. In the current enforcement environment, it is a red flag.''

2

The financing landscape is shifting around gas and emissions.

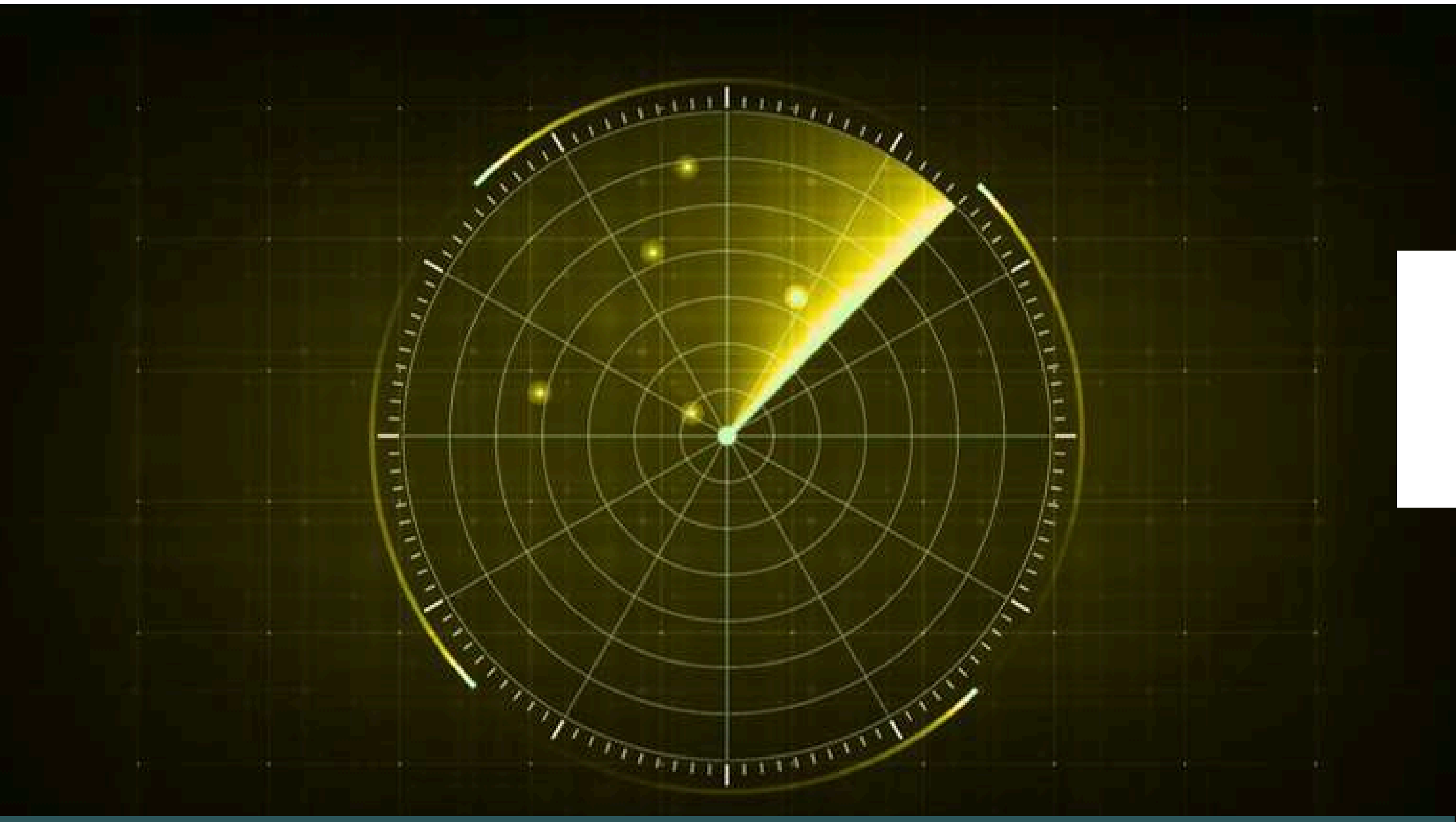
Where permit holders capture and process gas under the Nigerian Gas Flare Commercialisation Programme, the avoided emissions can be measured and verified under recognised carbon accounting standards, allowing project developers to generate tradable carbon credits. This creates a direct commercial incentive for service companies involved in gas capture or related infrastructure work to build verifiable environmental records.
Companies with structured ESG documentation will access financing and commercial opportunities that companies without them simply cannot reach.

3

The 2030 target is restructuring operator priorities.

Nigeria flared gas worth approximately N862 billion in the first quarter of 2026 alone, despite renewed government commitments to end routine flaring by 2030. With the deadline now four years away and volumes rising rather than falling, operators are under increasing pressure to demonstrate credible reduction pathways to their financiers and regulators.

Service companies that can demonstrate environmental performance alignment and structured community engagements are becoming commercially preferable. Not because operators have suddenly become environmentalists. Because a service company with structured ESG documentation reduces the operator's overall compliance exposure.



What This Means in Practice. Your Risk Radar.

For operators, investors, and financiers, flare exposure is not merely regulatory. It can also carry litigation, reputational, and ESG consequences.

"The risk is no longer contained to the operator. It is spreading to every relationship in the asset ecosystem. The question is not whether that risk reaches you. It is whether your documentation is structured enough to show you are not contributing to it."

■ **NUPRC Issues 28 Gas Flare Commercialisation Permits — New Commercial Opportunity Opens**

In December 2025, the Nigerian Upstream Petroleum Regulatory Commission issued Permits to Access Flare Gas to 28 successful awardees under the Nigerian Gas Flare Commercialisation Programme. ■ Execution phase begins in 2026. This creates new contract opportunities for service companies in gas capture, pipeline, and processing infrastructure — but only for companies with the ESG documentation to qualify.

■ **Q1 2026: N862 Billion Worth of Gas Flared Despite Renewed 2030 Target**

Nigeria flared gas worth approximately N862 billion ($627 million) in the first quarter of 2026 alone. ■ Flaring volumes are rising, not falling. Onshore operations account for 63.8% of total flaring. For service companies operating on these assets, the enforcement and documentation pressure is intensifying, not easing.

■ **$646 Million in Gas Flaring Penalties for 2025 — Highest in Five Years**

NOSDRA data confirmed that oil and gas companies incurred $646.1 million in penalties for gas flaring in 2025, the highest penalty figure in five years. [2] This financial pressure is already cascading through operator budget cycles and contractor payment timelines. Service companies on high-flaring OMLs are feeling this in delayed renewals and tighter compliance scrutiny.

ONE ACTION THIS WEEK.

1

Go to NOSDRA's published gas flare reports, available on their website and reported monthly. Identify the OMLs your current operator clients are associated with. Cross-reference those OMLs against the defaulting companies list.

This single check takes less than 30 minutes. It tells you exactly which of your current engagements sit inside a gas flaring enforcement environment.

If your operator clients are on that list, you are not outside the compliance perimeter. You are inside it. Knowing this before your next contract renewal, pre-qualification review, or financing conversation is the difference between being prepared and being caught out.

The gas is burning. The penalties are compounding. The compliance pressure is cascading. The only question left is whether your documentation is structured enough to show that you are part of the solution, not the problem.

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