

PIPELINE TECHNOLOGY JOURNAL · LNG

Licensing Dispute Stalls Nigeria's \$100M Ibadan Gas Pipeline Project

Saga deep read · 01 June 2026 · Score 90

A regulatory and commercial dispute over distribution rights has brought a \$100 million natural gas pipeline project in Nigeria's southwest to a standstill, threatening both investor confidence and the federal government's broader industrial decarbonisation agenda. The conflict centres on an 80-kilometre pipeline intended to carry natural gas from Ogere to the Oluyole Industrial Estate in Ibadan, Oyo State — a facility that hosts more than 20 large-scale factories and hundreds of smaller enterprises.

The dispute pits NIPCO Gas Limited and its joint venture partner, Nigeria Gas Marketing Limited — a subsidiary of state-owned NNPC Limited — against Shell Nigeria Gas. NIPCO holds a Gas Distribution License issued by the Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA) and argues that Shell's attempt to operate within its designated distribution zone violates the exclusivity provisions of Nigeria's Petroleum Industry Act of 2021. NIPCO Managing Director Nagendra Verma stated that Shell currently possesses no gas infrastructure within the Ibadan corridor and that permitting a competitor to enter the territory undermines the substantial financial investments already committed by NIPCO and its partners. Shell Nigeria Gas has not publicly responded to inquiries about the matter.

Regulatory and state-level authorities are now actively engaged. The NMDPRA confirmed it has hosted multiple mediation sessions aimed at reaching a resolution that serves the interests of all parties, particularly businesses and residents in Oyo State. Meanwhile, the Oyo State Energy Commissioner, Dahud Shangodoyin, indicated that officials are weighing an escalation to federal regulators, citing a lack of formal responses from the corporations involved. The situation illustrates the

governance friction that can emerge when overlapping commercial interests collide with Nigeria's evolving midstream regulatory framework — a risk factor that international partners must price into project timelines.

The commercial stakes are significant. Local manufacturers estimate that a completed pipeline would materially reduce their energy expenditures by cutting dependence on expensive diesel fuel — a core objective of the federal government's Decade of Gas Initiative, which seeks to transition Nigerian industry toward cleaner, lower-cost gas. With the pipeline stalled, those cost savings remain unrealised, and the broader initiative risks reputational damage if high-profile anchor projects continue to be delayed by licensing conflicts rather than technical or financing constraints.

For infrastructure developers and service providers tracking Nigeria's midstream expansion, the Ogere-to-Ibadan corridor remains a live opportunity — but one currently gated by regulatory resolution rather than engineering progress. Until the NMDPRA issues a clear ruling on distribution exclusivity, physical construction activity is unlikely to resume at scale. The outcome will also set a precedent for how Nigeria enforces PIA exclusivity provisions in contested distribution zones, with implications for pipeline developers across the country's industrial belts.

Why this matters to partners and clients of Saga

Norwegian pipeline and gas infrastructure service companies should monitor this project closely as a near-term opportunity once the licensing dispute is resolved — the 80-kilometre corridor will require construction, commissioning, and integrity management services. Companies with midstream pipeline expertise or gas metering and distribution technology may find early engagement with NIPCO Gas or its NNPC-linked JV partner worthwhile, particularly given the federal government's active backing through the Decade of Gas Initiative. For now, the appropriate posture is to track regulatory developments at the NMDPRA and position for tendering when a clear licence holder emerges.



YOUR SAGA CONTACT

Trond Kostveit

Partner, Africa Markets & Energy

PARTNER ANGLES

- **Pipeline:** The 80-kilometre Ogere-Ibadan gas pipeline will require qualified construction and integrity management contractors once the licensing dispute is settled — Norwegian pipeline specialists should begin pre-qualification engagement with NIPCO Gas and its NNPC JV partner.
- **Service:** Gas metering, flow assurance, and pressure regulation services will be needed for the industrial estate distribution network; Norwegian instrumentation and measurement companies can position now by building relationships with the emerging licence holder.
- **LNG:** If pipeline delays persist, small-scale LNG or CNG trucking solutions could serve as a bridging supply option for the Oluyole Industrial Estate's 20-plus large factories — a near-term commercial opening for Norwegian gas logistics specialists.
- **Subsea/FPSO:** Limited direct relevance at this stage, but Norwegian companies active in Nigeria's upstream should note that the Decade of Gas Initiative is driving midstream demand that could absorb associated gas currently at risk of flaring from nearby producing assets.

[Original source: Pipeline Technology Journal →](#)

Saga Advisory

Partner contact: trond@saga-advisory.com · General: info@saga-advisory.com · saga-advisory.com

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