

OIL FIELD AFRICA REVIEW · NIGERIA · SUBSEA

Shell Sells Nigeria Gas Distribution Business to Nigerian Firm Vaaris Energy

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Shell Petroleum B.V. has signed an agreement to sell its entire interest in the Shell Nigeria Gas (SNG) Group to Vaaris Energy Limited, a Nigerian energy company, marking a full exit from Nigeria's domestic gas distribution sector. The Nairametrics report confirms Vaaris Energy's Nigerian identity — a detail not previously established in public reporting — adding important context to assessments of the incoming owner's local market knowledge and potential capital access. The transaction has not yet closed; Shell confirmed that the Shell Nigeria Gas Group will remain part of Shell and continue serving existing customers until the deal is fully completed.

Shell Nigeria Gas operates a domestic gas distribution business supplying gas to industrial and commercial customers across Nigeria. The divestment is consistent with Shell's broader global portfolio restructuring, which has seen the supermajor progressively reduce its downstream and midstream exposure in Nigeria. Shell has not disclosed the financial terms of the agreement, and the full operational and financial profile of Vaaris Energy Limited remains limited in publicly available reporting despite the confirmation of its Nigerian identity.

For Nigeria's domestic gas market, the transfer of ownership raises near-term questions about continuity of supply and longer-term questions about whether Vaaris Energy has the technical and financial capacity to maintain and expand the distribution network. Nigeria has long struggled with a disconnect between its vast

natural gas reserves and the volume actually reaching domestic industrial consumers, making reliable midstream distribution infrastructure a critical bottleneck in the country's energy development agenda. Vaaris Energy's standing as a Nigerian entity may ease regulatory approval pathways, though its technical depth in operating a gas distribution network of SNG's scale remains to be demonstrated publicly.

The deal remains a signed sale agreement — not a completed transaction. Regulatory approvals and other closing conditions are still outstanding. Until those are satisfied, the business operates under existing Shell management and commercial arrangements. Norwegian service companies should monitor this transition carefully: ownership changes in midstream gas infrastructure frequently trigger asset reviews, deferred maintenance catch-up programmes, and supplier renegotiations once new owners establish operational control. The confirmation that Vaaris is a Nigerian company may accelerate local content considerations in any future procurement processes, which Norwegian firms with Nigerian partnerships or local presence would be better positioned to navigate.

For the Norwegian supply chain, the immediate priority remains intelligence-gathering and early relationship-building rather than direct procurement engagement. Vaaris Energy's operational philosophy, capital plans, and supplier preferences are not yet publicly articulated. Once the transaction closes and Vaaris sets out its investment agenda — whether expanding the pipeline network, upgrading compression assets, or integrating new gas sources — there may be structured openings for Norwegian companies with pipeline integrity, metering, and gas processing competencies. The window to establish early relationships with Vaaris Energy's leadership is now, before the business formally changes hands.

Why this matters to partners and clients of Saga

Confirmation of Vaaris Energy's Nigerian identity adds a local content dimension that Norwegian companies should factor into their engagement strategy — partnering with Nigerian firms or establishing local presence will likely be advantageous in any post-acquisition procurement process.

Norwegian companies with pipeline integrity, gas metering, compression, and midstream gas infrastructure capabilities should continue monitoring the closing process while seeking early-stage introductions with Vaaris Energy's leadership to position ahead of any post-acquisition capital programme.

PARTNER ANGLES

- **Pipeline integrity and inspection firms:** Incoming owner will likely commission a full asset condition assessment post-close; Norwegian firms with pipeline inspection and integrity management services should seek early dialogue with Vaaris Energy.
- **Gas metering and instrumentation suppliers:** Domestic gas distribution networks require reliable metering infrastructure; ownership transitions often prompt upgrades, creating openings for Norwegian metering and flow assurance technology providers.
- **Nigerian local partners:** With Vaaris confirmed as a Nigerian entity, Norwegian companies should identify credible Nigerian engineering or service partners to strengthen their positioning under local content requirements that are likely to apply post-acquisition.
- **Compression and processing equipment suppliers:** Expansion or rehabilitation of the SNG distribution network may require compression upgrades; Norwegian firms active in this space should monitor Vaaris Energy's post-closing capital announcements.

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