FINANCIAL TIMES

FRIDAY, 19 SEPTEMBER 2025

SPECIAL REPORT

Legal Services

How a patchwork of finance eased sale of Congo oil assets

Lawyers deploy co-ordination skills as smaller players take on maturing African fields from industry majors

AANU ADEOYE

Darren Spalding, co-chair of law firm Bracewell's global oil and gas practice, has been an energy lawyer for more than two decades. In that time he has flown to the oilfields of Kurdistan in northern Iraq by private jet, been escorted through a government building in Kazakhstan by armed guards, and been left stranded in the snow outside the Moscow offices of a Russian oil company.

But it was a deal that involved spending long hours at his desk in London that proved to be one of the most challenging for Spalding. In March 2023, his team at Bracewell became involved in navigating the sale of oil assets in the Republic of the Congo owned by supermajors Chevron and TotalEnergies of France.

The sale was to Trident Energy, a London-based, private equity-backed, deepwater exploration and production company that focuses on mid-life assets.

Chevron sold all its upstream oil and gas business in the central African country while Total sold off stakes in two maturing offshore licences as it simultaneously extended its interest in a newer, more prolific field. The deal was "very complex", he observes.

> **It's like having a talented but ageing striker who has been on the bench because there's a younger superstar playing**
>
> Clementine Wallop, Horizon Engage

Such deals form part of a historic shift in ownership under way in Africa's oil and gas industry. For decades, international oil majors from around the world have descended on the continent, lured by abundant reserves and the potential for outsized returns on their investments.

When the going was good – and it was very good for a while – oil companies such as ExxonMobil, Shell, Total, Chevron and many others drilled for crude and made healthy returns.

But returns have been declining, particularly in maturing shallow water and onshore assets, and there are continuing grievances from local communities about the impact on them of environmental degradation.

Throw in the discovery of newer oil deposits far from Africa, and the effect on investment of the global clamour for energy transition because of concerns over fossil fuels' role in climate change, and the picture is less rosy for Africa's oil and gas industry.

> **The deal was structured as three related transactions . . . and they needed to be co-ordinated to complete simultaneously**
>
> Darren Spalding, Bracewell

In response, energy groups have begun selling down their assets in several African countries. Mid-tier international oil firms or locally owned companies have stepped into the gap, aiming to succeed with assets their better-financed predecessors have determined are no longer worth the hassle.

The assets remain attractive to players such as Trident, which can make them the centrepiece of a portfolio when they become insignificant to much larger international oil companies, says Clementine Wallop, director for sub-Saharan Africa at Horizon Engage, a consultancy.

"To use a football analogy, it's like having a talented but ageing striker who has been on the bench because there's a younger superstar playing at number 9," says Wallop. "The player on the bench is still great at scoring goals – they just need a transfer to another club."

As when transfer fees are required in football, these divestment deals require copious amounts of capital from the purchasing party. But oil and gas financing has slowed in recent years, with most industry insiders claiming the focus on energy transition has made funding harder to come by for African deals, which investors perceive as higher risk.

Spalding led a multidisciplinary Bracewell team on behalf of Trident to execute the Congo transactions. The complexity of the deal meant a number of other law firms were involved, with Stephenson Harwood advising on antitrust and tax, Congolese firm TI&A advising on local laws, while Watson Farley & Williams acted on behalf of the lenders in the deal.

Spalding describes the deal as being "complicated" for a number of reasons. It "was structured as three related transactions – one with Chevron and two with Total – and they needed to be co-ordinated to complete simultaneously even though they were not all expressly inter-conditional," he says.

Other complications included the movement of money in and out of Congo as it involved the central bank of the Central African Economic and Monetary Community, which the country belongs to, Spalding says.

Negotiations with supermajors, which have significant "commercial leverage", he says, were made yet more complicated by dealings with other stakeholders. These included Trident's own private equity owners Warburg Pincus and Quantum Energy Partners, its lenders involved in offtake financing, regulators and the Congolese government.

"None of these elements are individually unexpected or difficult," says Spalding. "But the combination of all of them in a single deal made it uniquely challenging."

But Bracewell's most innovative work on behalf of Trident was arranging the financial framework so that the deal could proceed in a tight market for oil and gas funding. The deal closed for an undisclosed amount, but was nearly $2bn in enterprise value including debt, according to people familiar with the matter.

> **Every deal is an opportunity to learn more about how clients and counterparties think and operate**
>
> Darren Spalding, co-chair of Bracewell's global oil and gas practice

"The debt financing market for oil and gas transactions ebbs and flows," Spalding says, adding that the deal for Trident required an "innovative tapestry of funding sources".

This involved bank debt, trader offtake financing from commodities trading major Trafigura and Total's own commodities trading arm, according to people with knowledge of the deal. This is indicative of the "patchwork" financing now required in oil and gas transactions as the energy majors sell down assets to mid-tier companies.

In the end, Trident got across the line and the agreement was officially completed in January 2025 after the deals were signed the previous April.

"Every deal is an opportunity to learn more about how clients and counterparties think and operate, to pick up the negotiation tactics of lawyers acting for other entities and to find solutions," says Spalding. "This deal in particular required a lot of creativity, patience and resilience."