EU energy security considerations in light of EU MER & the Middle East conflict

Public report

Commissioned by Environmental Defense Fund

June 2026

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Sufficient OGMP 2.0 L5 supply expected to be available in ‘27, even with Hormuz shortfall

Rystad Energy's mandate for this report was to: Describe the volumetric and price impact of the Hormuz closure on the global energy markets, how that translates to availability of OGMP 2.0 L5 gas and crude for the EU, and assess potential negative interplay between EU MER and the geopolitical situation.

Summary of findings

Market development	**The Middle East conflict has impacted gas and crude markets, no signs of it materially impacting implementation feasibility of EU MER**	• EU imported 4% of their natural gas, 12% of crudes and 20% of refined products from the Middle East in 2025, volumes now threatened to be unavailable by the conflict in the Middle East and closure of the Hormuz Strait. • Impacts on global LNG and crude markets still uncertain, Rystad Energy expect supply deficits in 2026 & 2027, with oversupply and a buyer’s market from 2028 and onwards. • Middle Eastern supply disruptions and Hormuz transit risk have a greater direct impact on Asia's supply availability than Europe's, with Asia historically sourcing ~20% of gas imports and ~56% of crude from the region. However, price effects are material across all markets given the global interconnectedness of LNG and crude markets and trades.
OGMP volumes	**Adequate OGMP 2.0 L5 volumes are expected to be available for EU buyers, even without supply from the Middle East**	• Global availability of OGMP 2.0 Level 5 volumes expected to be threefold EU’s 2025 imports in 2027 for both oil and gas. • US is expected to become the largest supplier of OGMP 2.0 L5 gas volumes, with supply exceeding historical imports by 5x. US exporters will in all plausible scenarios continue to export LNG to monetize existing and emerging LNG facilities, and as an outlet for the structural oversupply of gas. • OGMP 2.0 Level 5 crude volumes are expected to be available. This includes both regional producers and crude grades that have been imported to EU. US, Brazil, and Guyana are expected to have volumes far exceeding historical imports to the EU. • However, even with relatively modest direct dependency, a Middle East supply shortfall would reduce total OGMP 2.0 Level 5 availability (particularly Qatari LNG) and reduce the pool of suppliers the EU can source gas and oil from.

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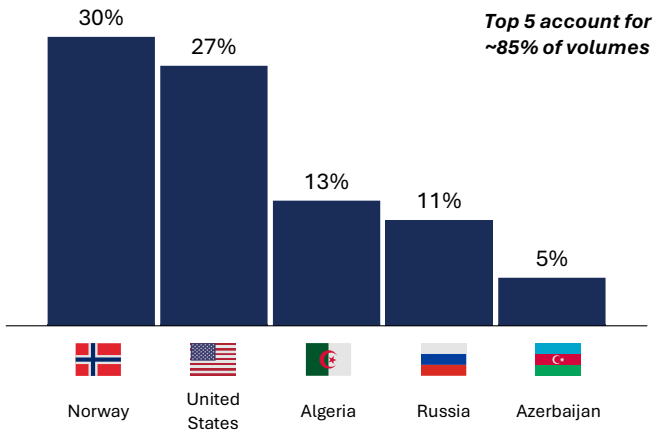
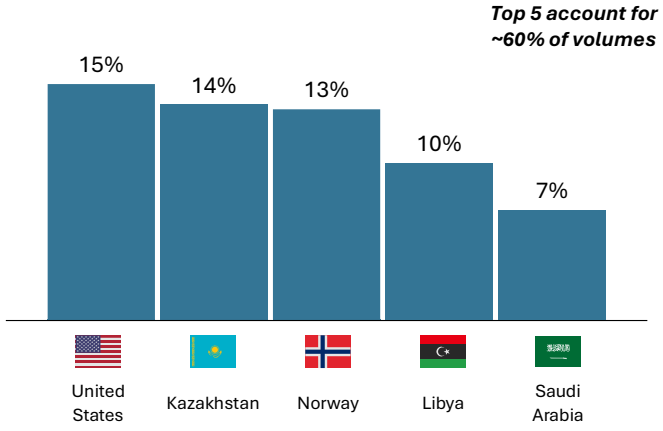
EU fossil fuel imports are diversified beyond the Middle East, limiting direct exposure to regional disruption

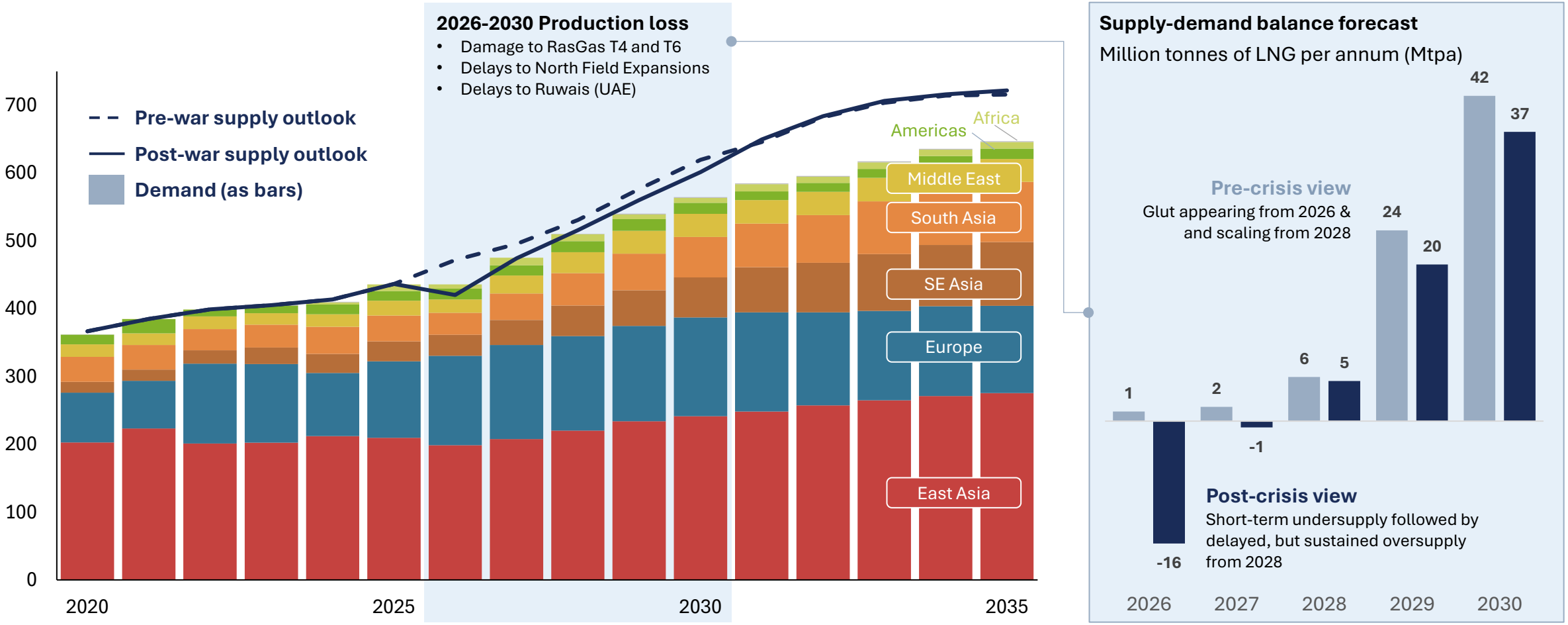
Import to EU	Suppliers to EU in 2025[1]	Suppliers in Middle East[2]	Top 5 suppliers to EU[1] Market Share, %	Comment
Natural gas	**310** *bcm* **20** *Suppliers*	**4%**		• EU natural gas imports are provided by a relatively concentrated group of suppliers, with the top five accounting for ~85% of imports • Russia accounts for ~11% of EU gas imports, having nearly halved over the past 3–5 years, with remaining shares set to decline further under the EU's stepwise ban of Russian gas • Middle East exposure is limited to 4% of all gas imports, with Qatar being the main Middle Eastern supplier of natural gas to EU. Qatar made up 13% of LNG in 2024. • EU bears the price effects following the conflict in the Middle East through global LNG markets, despite modest direct imports.
Crude oil	**3.4** *billion bbl* **100+** *Ports of export*	**12%**		• Crude supply is diversified with volumes coming from more than 100 export ports in 38 different countries • The US is the largest individual supplier at ~15%, followed by Kazakhstan, Norway, Libya and Saudi Arabia (directly and through other countries) • Middle Eastern crudes account for 12% of all crude imported to the EU, and are an essential part of the EU's hydrocarbon supply.

1) From non-EU countries. Excluding import from intra-EU trade, e.g., the numbers represents the shares as they first enter EU borders and excludes all trades and production within EU ; 2) Values are rounded. Most Middle Eastern volumes originate in areas constrained by the Strait of Hormuz. The Middle East volumes here include a smaller fraction of volumes not constrained by Hormuz. Middle East defined as Saudi Arabia, Iran, UAE, Qatar, Iraq, Kuwait, Oman, Israel, Bahrain, Turkey, Syria, Jordan and Yemen. Listed in decreasing order of oil and gas production. Source: Rystad Energy research and analysis; Energy Demand Cube; Vortexa

Disruption to LNG supply in the Middle East expected to push potential global supply glut to 2028

Demand by continent vs supply scenarios, 2020-2035

Million tonnes per annum (Mtpa)

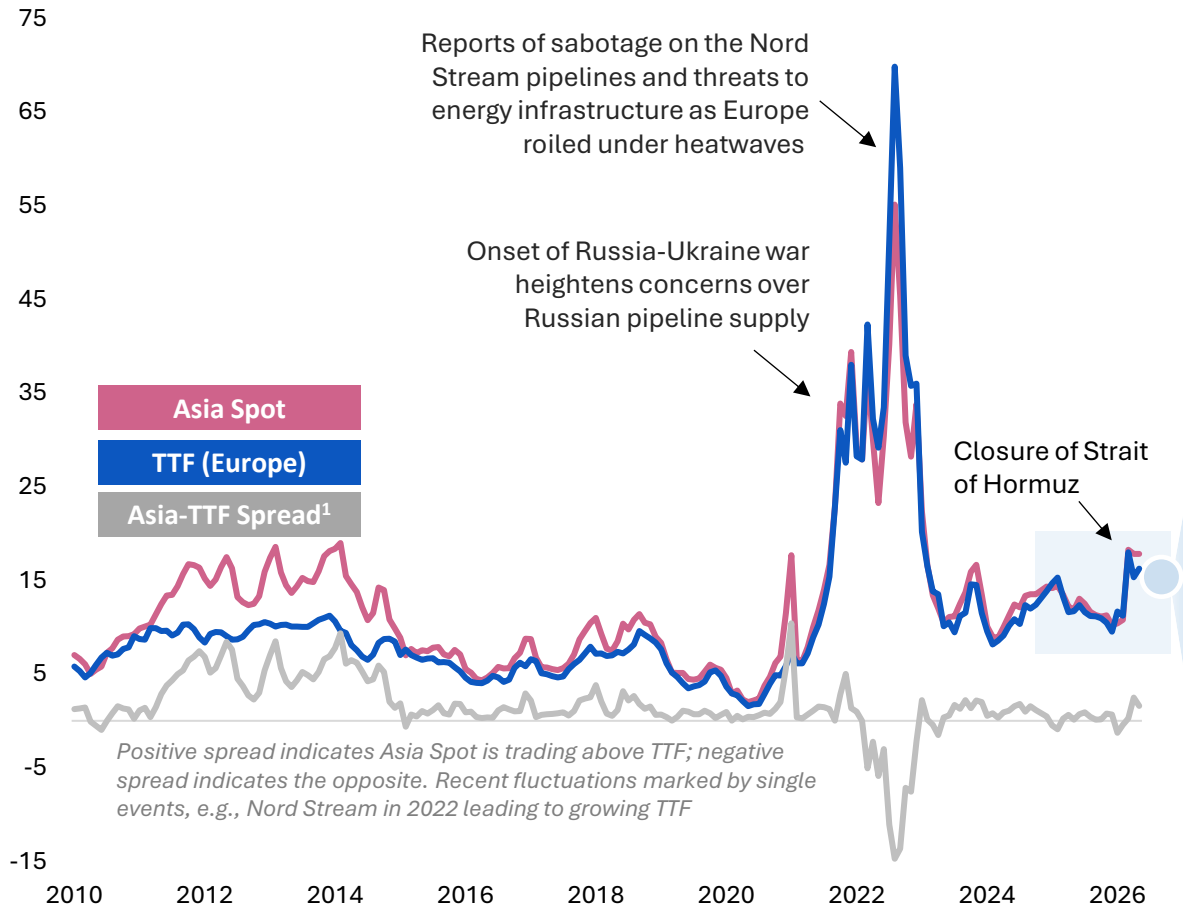


Source: Rystad Energy GasMarketCube June 2026

Tandem movements in TTF and Asia Spot suggest recent gas price uplift is driven by Hormuz rather than EU MER

Gas price benchmarks

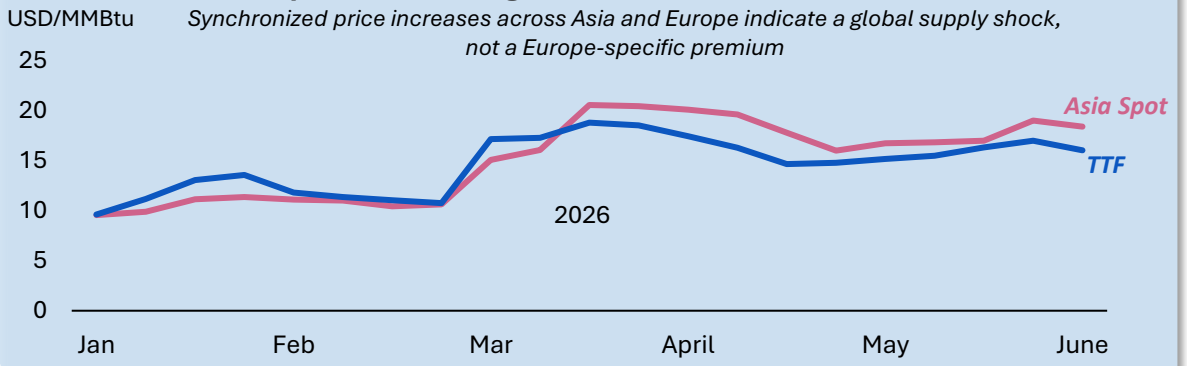
USD/MMBtu



- TTF and Asian spot prices have moved in tandem, suggesting the **recent gas price uplift reflects broader Hormuz-related supply risk rather than an EU MER-specific premium**
- Price effects of Hormuz disruption have so far been **smaller than earlier shocks** such as the onset of the Russia–Ukraine war and the Nord Stream explosion. Nord Stream had deeper impacts on the gas markets "permanently" removing larger quantities of gas imports to Europe with ripple effects in the LNG markets.

Gas prices following the closure of the Strait of Hormuz

Synchronized price increases across Asia and Europe indicate a global supply shock, not a Europe-specific premium



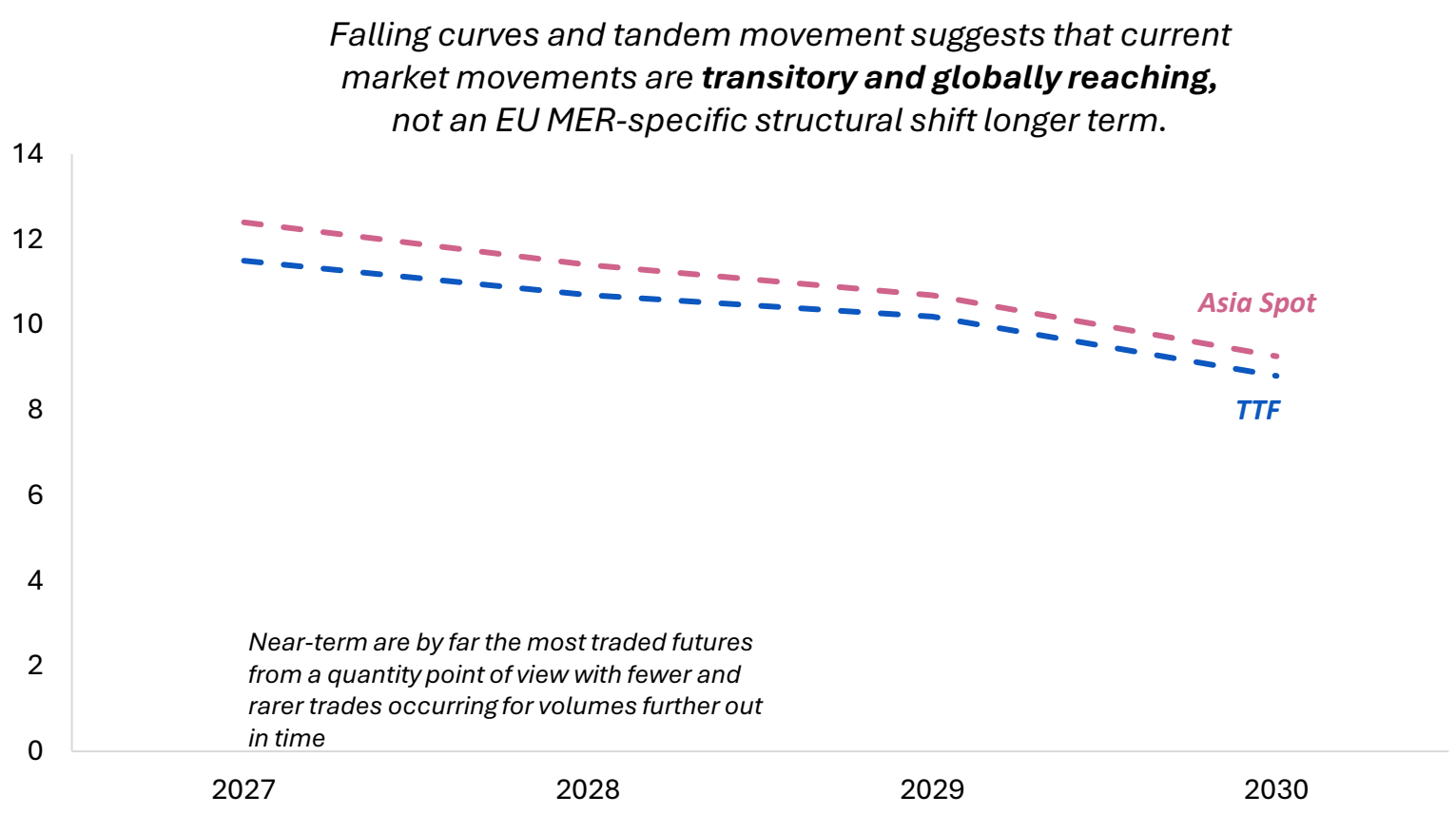
1) Asia-TTF Spread is the difference between the Asia Spot and TTF (Asia Spot price – TTF price)

Source: Rystad Energy research and analysis; GasMarketCube; LNG Trade Tracker

Future curves don’t show a lasting price impact from Hormuz or EU MER

Future curves[1]

USD/MMBtu



Declining forward curves point to no structural price shift from Hormuz or EU MER in EU markets

- Both TTF and Asian LNG forward curves slope downward and move in tandem, reinforcing that the price uplift is a broad, global response to Hormuz risk rather than an EU MER-specific premium
- If either Hormuz or EU MER were expected to cause a structural, lasting price increase, the curve would be flat or rising. Instead, the market sees current elevated prices as temporary
- A futures curve shows what the market expects gas to cost at future delivery dates. A **downward-sloping curve** means traders expect today's prices to ease over time — i.e., no lasting supply crunch is priced in

1) Eikon Refinitiv (front-month futures) extracted 15th of May 2026

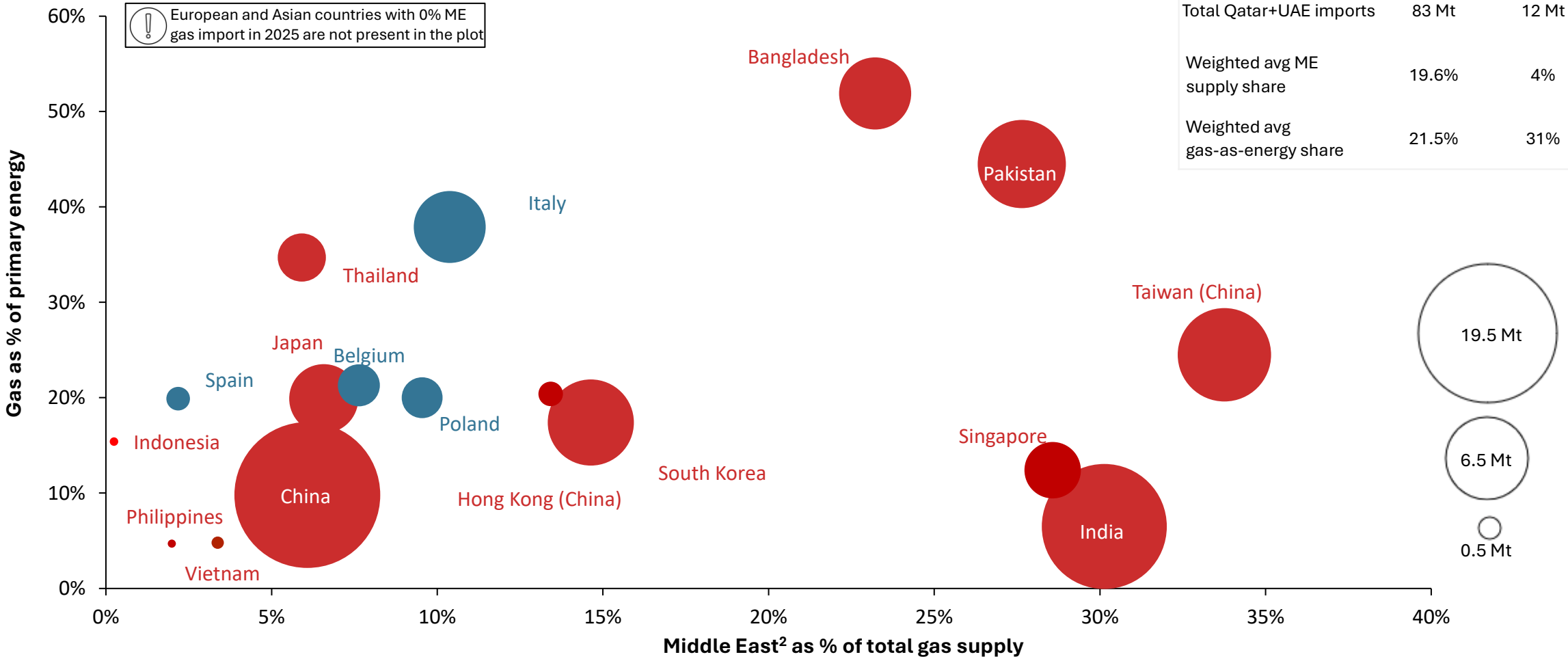
Source: Rystad Energy research and analysis; GasMarketCube; LNG Trade Tracker

EU buyers less dependent on Middle Eastern gas imports than key Asian countries

Economic dependence on gas and Middle East supply share[1]

Bubble size corresponds to 2025 imports from Qatar & UAE in Mt

	Asia	EU
Total Qatar+UAE imports	83 Mt	12 Mt
Weighted avg ME supply share	19.6%	4%
Weighted avg gas-as-energy share	21.5%	31%



1) Values reflect two dimensions: gas-as-energy share (y-axis) indicates the share of primary energy met by gas; Middle East supply share (x-axis) indicates the share of total gas gross imports sourced from Qatar and UAE. Example: Italy derives ~40% of its primary energy from gas, of which ~10% is supplied by Qatar and UAE, = 4% of energy mix is middle east gas ; 2) Qatar and UAE number are shown as they are the relevant exporters of LNG. Source: Rystad Energy research and analysis; EnergyDemandCube; GasMarketCube

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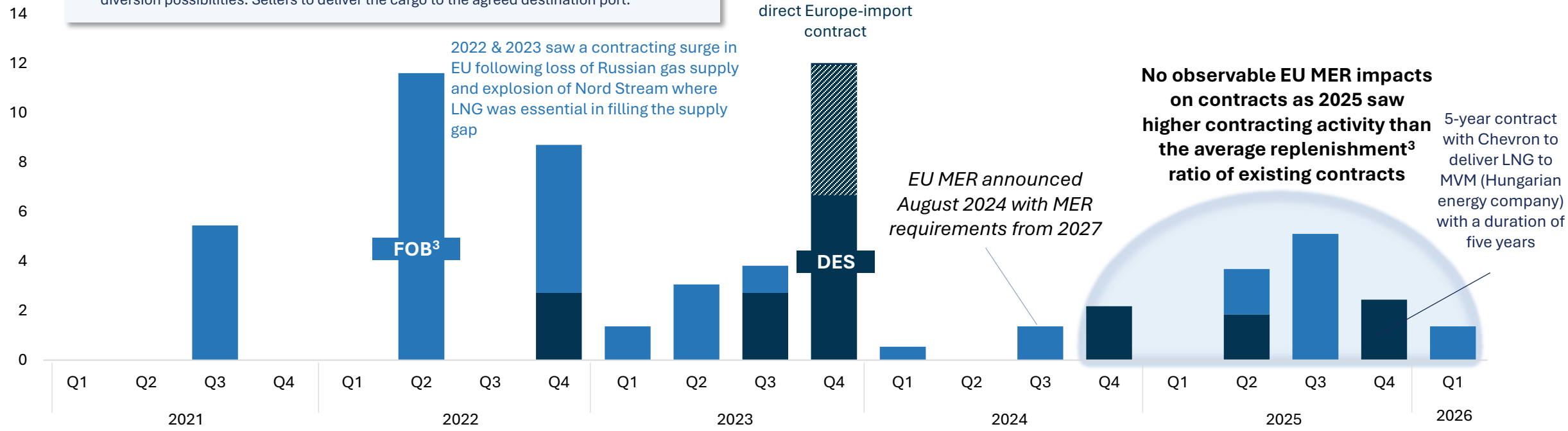
Contracting remains robust: no visible EU-MER impact in 2025 market activity

Signed contracts to the EU split by FOB and DES, 2021-2026[1]

bcm

- Contracting activity is shaped by **multiple factors** including long-term demand outlooks, energy transition pace and supply security, making it difficult to isolate the EU MER-specific effect from the contract data
- **FOB (free on board)** is a contract structure that allows the buyer the freedom to ship the cargo freely to their country/port of choice. This has been the preferred contract structure for US exporters.
- **DES (Delivered Ex Ship)** contracts is a contract structure with less flexibility and cargo diversion possibilities. Sellers to deliver the cargo to the agreed destination port.

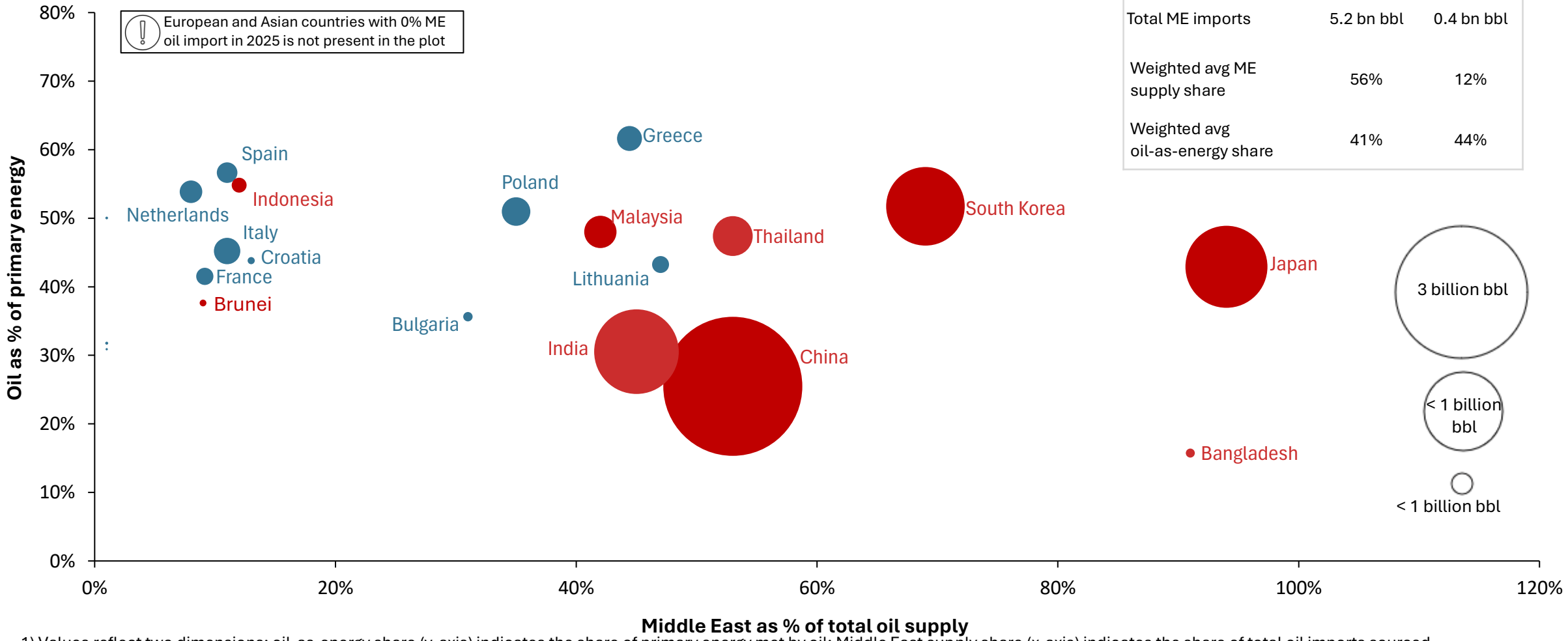


1) Data include only identified contracts and excludes spot purchases; 2) Year to date 2026 (1st of June) and 01.01.2025-01.06.2025; 3) 2025 contracted volumes = 11 bcm; implied replenishment ratio of existing contracts 3.5 bcm/year (total contracted volumes in 2025 divided by the volume weighted average contract duration of these), suggesting 2025 contracting activity ran well above replacement levels. Both numbers include identified FOB/DES contracts and excludes spot trades. Source: Rystad Energy research and analysis; Energy Demand Cube; LNG Trade Tracker

EU importers with modest level of crude imports from the Middle East

Economic dependence on oil and Middle East supply share

Bubble size corresponds to 2025 imports from Middle East in billion bbl



	Asia	EU
Total ME imports	5.2 bn bbl	0.4 bn bbl
Weighted avg ME supply share	56%	12%
Weighted avg oil-as-energy share	41%	44%

1) Values reflect two dimensions: oil-as-energy share (y-axis) indicates the share of primary energy met by oil; Middle East supply share (x-axis) indicates the share of total oil imports sourced from the Middle East. Example: China derives ~25% of its primary energy from oil, of which ~50% is supplied by Middle East, meaning 12.5% of primary energy is oil from Middle East

Source: Rystad Energy research and analysis; Energy Demand Cube; Vortexa

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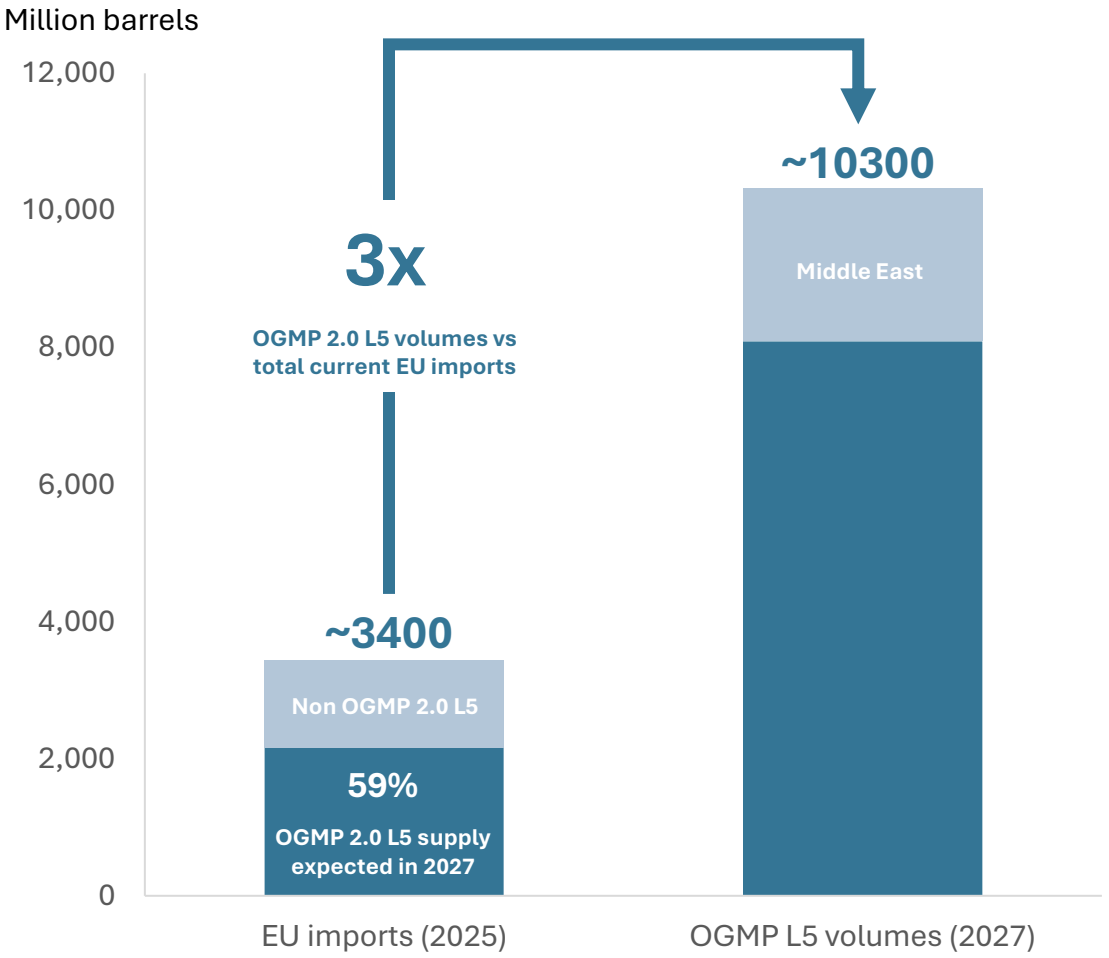
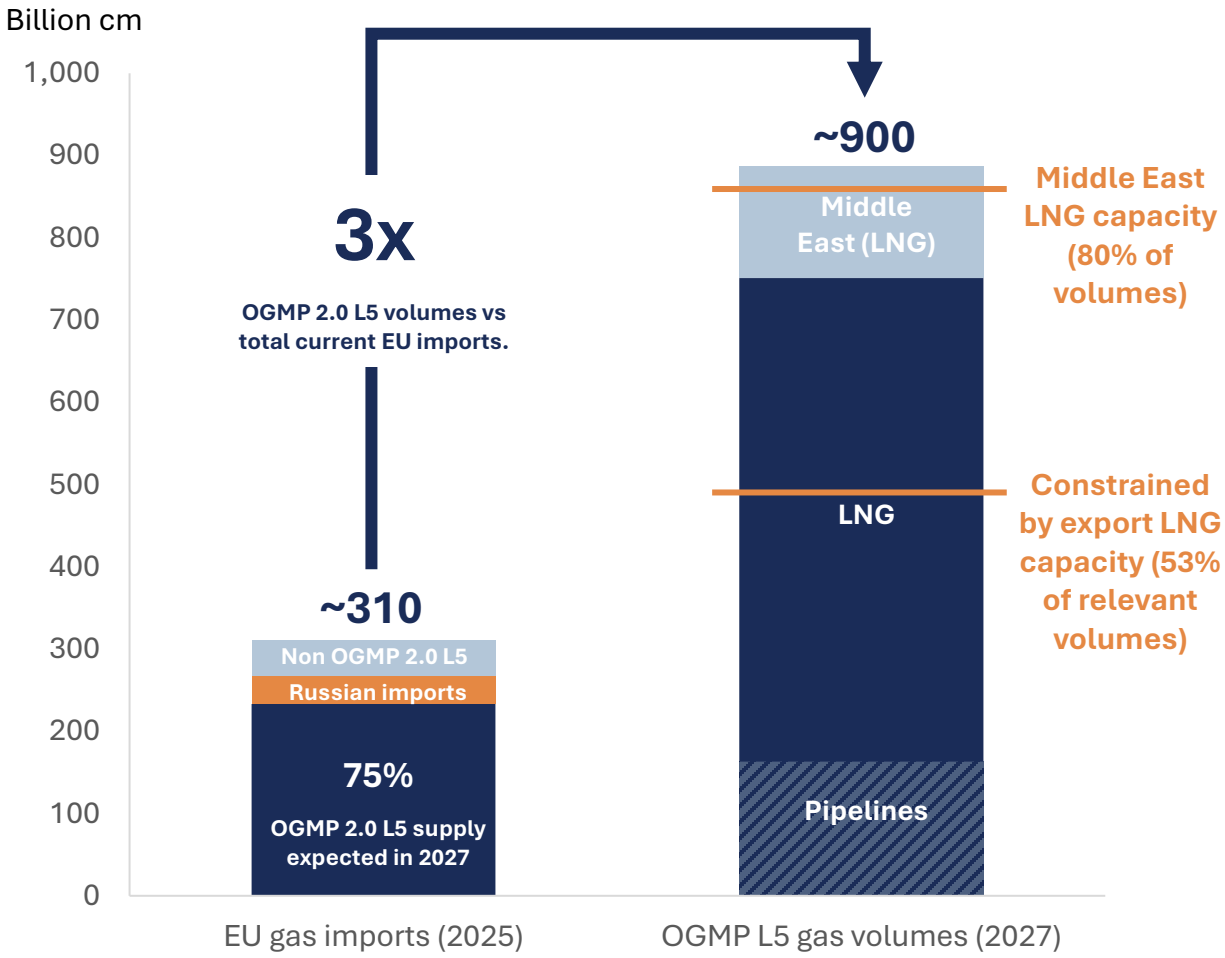
OGMP 2.0 L5 supply of natural gas and oil exceeds current EU imports by 3x

EU crude imports vs. OGMP 2.0 L5 volumes available



EU gas imports vs. available OGMP 2.0 L5 volumes

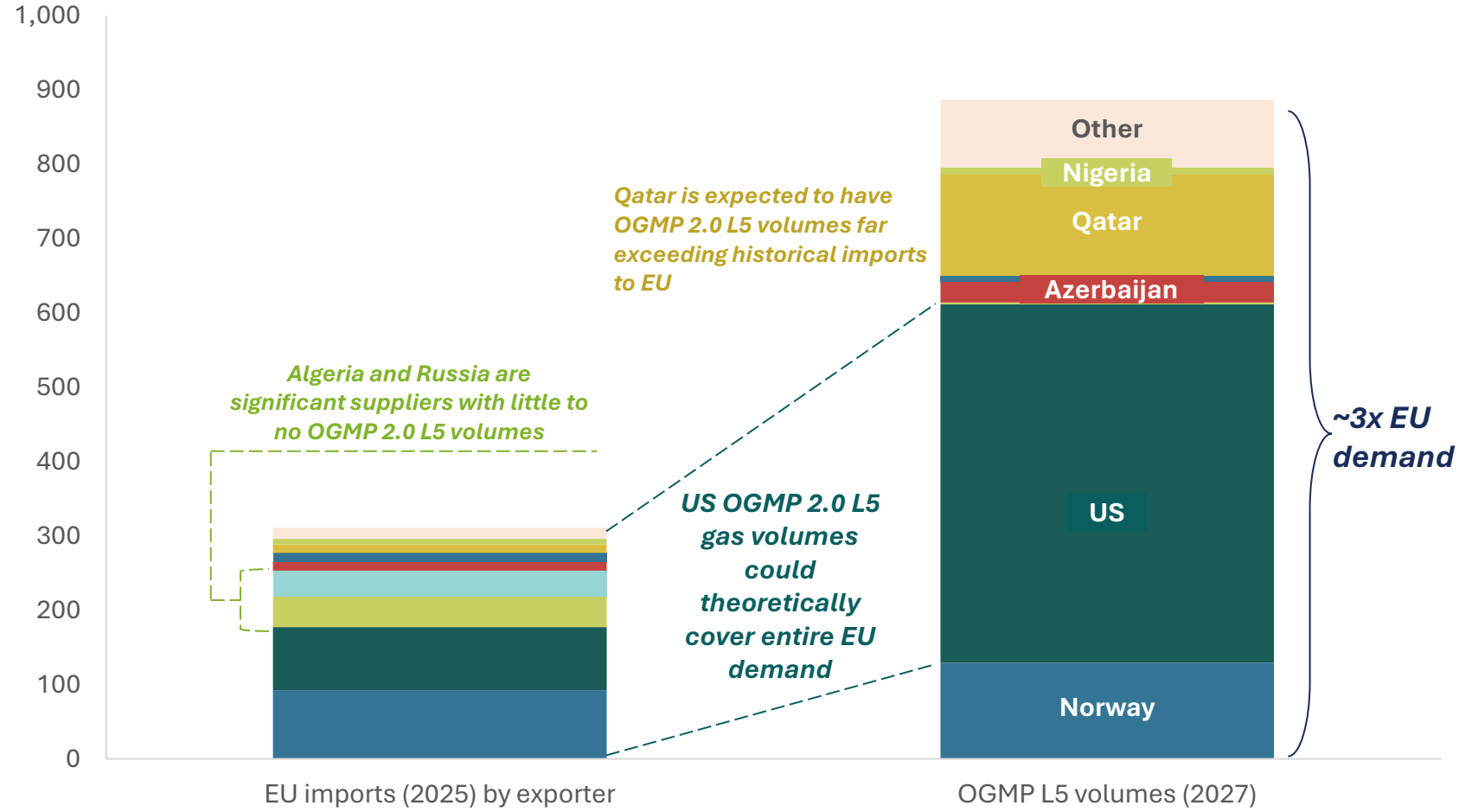


Note: Values are rounded. Import volumes are 2025; OGMP 2.0 L5 supply volumes are estimated for 2027. Seaborne trade only; intra-EU flows excluded. OGMP 2.0 L5 volumes are estimated only for countries that have supplied EU historically. For each supplier, a coverage ratio is defined as available OGMP 2.0 L5 supply divided by EU imports from that country. The OGMP 2.0 L5 share of EU imports equals this ratio, capped at 100% — e.g. a ratio of 120% means all imports are OGMP 2.0 L5; a ratio of 80% means 20% are non-OGMP 2.0 L5; OGMP 2.0 L5 volumes of 27' expected to be devoted toward EU. Sources: Rystad Energy research and analysis; Vortexa; Rystad Energy UCube; Note: See appendix for OGMP methodology

Sufficient L5 volumes are available despite varying supplier performance

EU import demand vs. available OGMP 2.0 L5 volumes by supplier[1] (gas)

Billion cm



- In total, expected OGMP 2.0 L5 volumes more than cover total EU import demand.
- The US is the standout: its OGMP 2.0 L5 volumes alone could theoretically cover the EU's entire import demand.
- Qatar is expected to be an OGMP 2.0 L5 supplier with volumes far exceeding its historical exports to the EU. However, these volumes could be constrained by a prolonged closure of the Strait of Hormuz in the short run.
- Algeria and Russia, two significant suppliers, have little to no expected OGMP 2.0 L5 volumes. Under EU MER, alternative volumes will be required to achieve OGMP 2.0 L5 imports.

1) Import volumes are 2025; OGMP 2.0 L5 supply volumes are 2027. Intra-EU flows excluded. OGMP 2.0 L5 volumes are estimated only for countries that have supplied EU historically.

Sources: Rystad Energy research and analysis; Rystad Energy GasMarketCube; Note: See appendix for OGMP methodology

Strong OGMP 2.0 L5 supply from the US, Norway, and Qatar offsets constraints elsewhere

Top 8 EU importers (95% of total imports)

Country	Exports to EU (bcm & share of total EU imports)		OGMP L5 available supply bcm	OGMP 2.0 L5 coverage[1]	Volume assessment[2]	
Norway	93	30%	129 / 131	140%	*Sufficient OGMP 2.0 L5 supply, of which >90% is exported.*	
United States	85	27%	482 / 1196	569%	*Large surplus of OGMP 2.0 supply, EU imported 55% of all US LNG in 2025.*	
Algeria	41	13%	106	6%	*Main supplier to Spain and Italy with almost no L5 supply and high on the emission curve.*	
Russia	35	11%	637	0%	*No OGMP 2.0 L5 supply and subject to sanctions*	
Azerbaijan	12	4%	28 / 38	233%	*Large surplus of OGMP 2.0 L5 supply.[3] ~55% of Azerbaijani total production is exported*	
United Kingdom	12	4%	24	64%	*Hard to assess as large share of volumes are rerouted as sales gas into EU after being imported to the UK*	
Qatar	11	4%	136 / 161	1186%	*Large amounts of OGMP 2.0 L5 supply, but constrained by closure of the Strait of Hormuz. Exports ~80% of gas production.*	
Nigeria	7	2%	10 / 51	129%	*Sufficient OGMP 2.0 L5 supply*	
Other	15	5%	91 / 290	617%	*Large surplus of OGMP L5 supply (e.g., Australia) but low existing import due to long distances*	

OGMP 2.0 L5 | Non-OGMP 2.0 L5

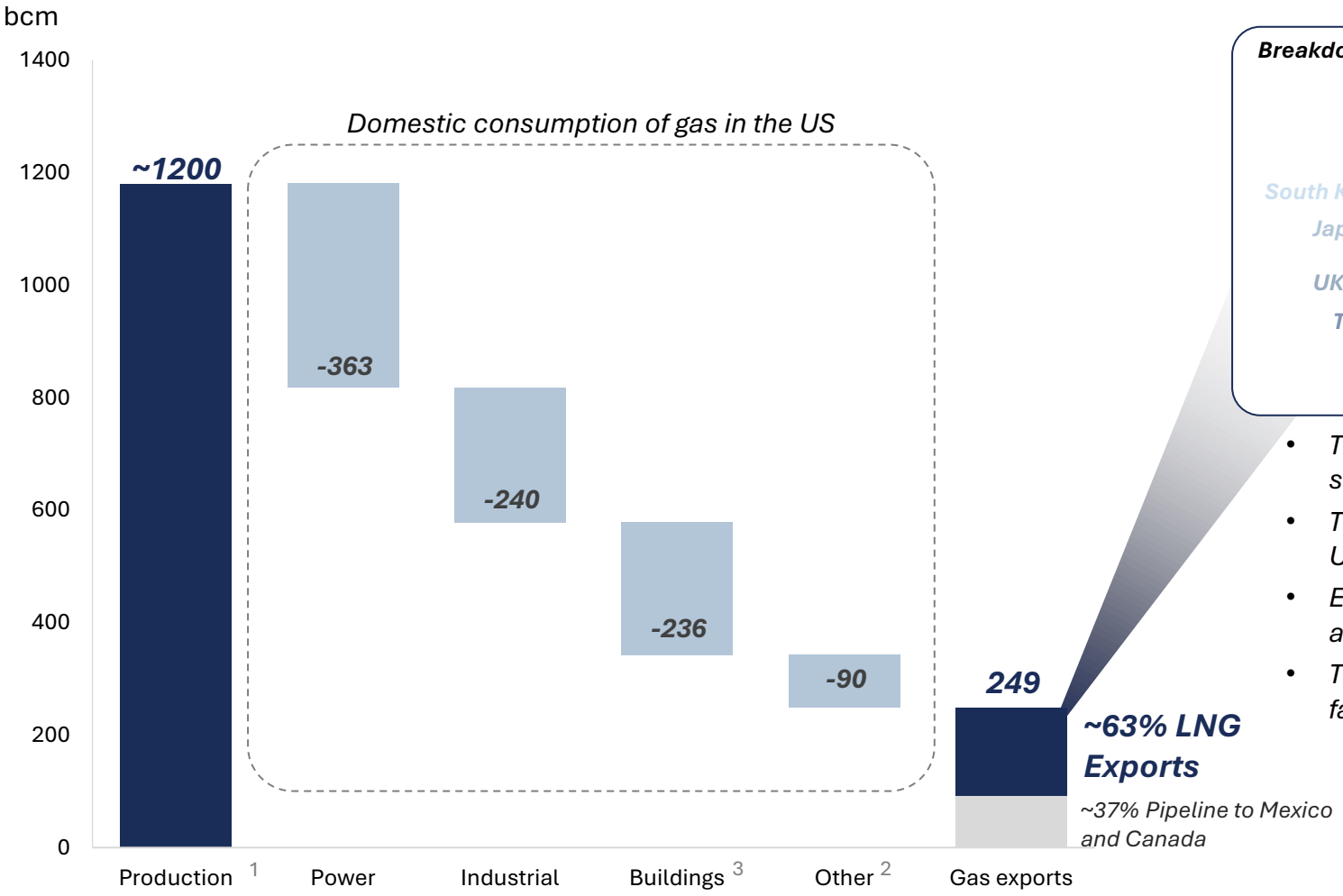
Availability of L5: High | Partial | Low | Hormuz

1) Expected 2027 OGMP 2.0 L5 OGMP 2.0 L5 coverage = a country's OGMP Level 5 supply divided by EU imports from that country. 2) Availability flags are classified by; Green: >100; Yellow: 50-100; Red: <50 3) Most supply is BP operated, on track to L5 by 2027, driving up Azerbaijan share.

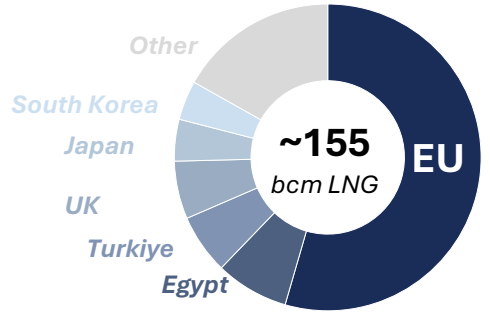
Sources: Rystad Energy research and analysis; Rystad Energy GasMarketCube. Note: See appendix for details on the methodology of establishing 2027 OGMP supply

LNG is an important part of the US gas market and essential to monetize US gas resources

US Gas market balances breakdown



Breakdown of US LNG exports



55%

of all US LNG exports are to the EU. EU is an important trade partner for the US exporters to monetize gas and LNG

- *The US gas market is dependent on exports to monetize the structural oversupply of natural gas.*
- *The existing – and emerging – liquefication infrastructure in the US is equally dependent on EU and Europe as trade partners*
- *Europe is the preferred shipping route for US LNG due to vicinity and reliable long-term buyers in EU*
- *The US can increase exports with the addition of new LNG facilities under development over the coming years*

1) Including imports (7%); 2) Heat, transportation, fuel gas (upstream use), losses. 3) Building includes commercial and residential use of gas for heating and utilities
Sources: Rystad Energy research and analysis; Rystad Energy GasMarketCube

Section 2: Adequate OGMP 2.0 L5 volumes are expected to be available for EU buyers, even without supply from the Middle East

Europe is the primary destination for U.S. supply of both LNG and crude before and post the closure of the Hormuz strait

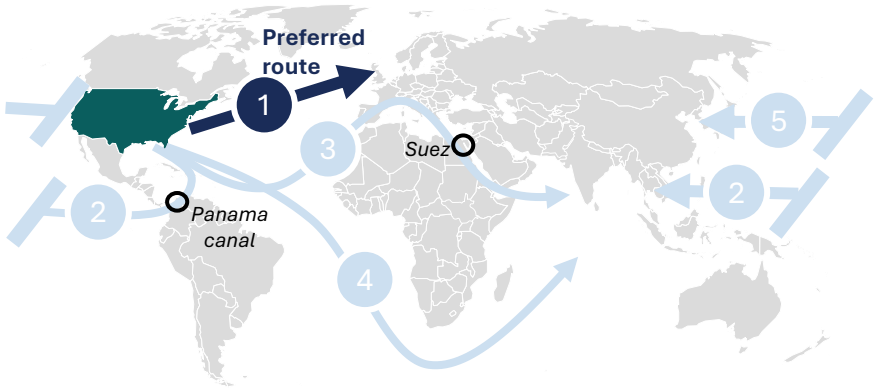
Evaluation of alternative routes of LNG and crude oil out of the U.S.

1

Case 1: USGC to Europe

Attribute	Evaluation
Transit Time (days)	12-14
Shipping cost	Crude: 0.8 $/boe LNG: 0.3 $/MMBtu
Chokepoints	None
Comment	**Preferred route of both LNG and crude oil volumes, as infrastructure is in place and voyage days are the lowest.**

*Alternative supply routes out of the **U.S.**[1]*



5

Case 5: North America west coast to East Asia/Japan

Attribute	Evaluation
Transit Time (days)	13-15
Shipping cost	Crude: 0.8 $/boe LNG: 0.3 $/MMBtu
Chokepoints	None
Comment	**Effectively a separate market — Permian gas does not at scale reach the West Coast, and there is limited LNG export infrastructure.**

2

Case 2: USGC via the Panama canal to East Asia

Attribute	Evaluation
Transit Time (days)	20+
Shipping cost	Crude: 1.4 $/boe LNG: 0.5 $/MMBtu
Chokepoints	Panama Canal
Comment	**Takes volumes to East Asia when the time saving over the Cape route justifies Panama Canal transit fees and the canal has available draft/slot capacity.**

3

Case 3: USGC via the Suez Canal to India

Attribute	Evaluation
Transit Time (days)	20-30
Shipping cost ex canal fees	Crude: 1.5 $/boe LNG: 0.5$/MMBtu
Chokepoints	Suez Canal
Comment	**Carries volumes to India and East Asia when Suez is the cost preferred alternative of crossing**

4

Case 4: USGC via Cape of Good Hope to Asia

Attribute	Evaluation
Transit Time (days)	30-40
Shipping cost	Crude: 2 $/boe LNG: 0.7 $/MMBtu
Chokepoints	None
Comment	**Absorbs volumes to Asia when chokepoints (Panama/Suez) are congested, restricted, or unsafe — longer voyage but no chokepoint exposure.**

1) The trade routes is based on the routes from South Texas Gateway to Rotterdam (1), Incheon (2), Paradip (3) (4). 2) The West Coast has very limited LNG and crude oil export infrastructure. There are few LNG export terminals currently operating and limited gas supply for exports on US West Coast, crude oil export and availability is also modest.

Source: Rystad Energy GasMarketCube, Note: Shipping costs are exclusive of canal fees and fuel

Europe is from a geographical position a natural importer of North- and West African supply

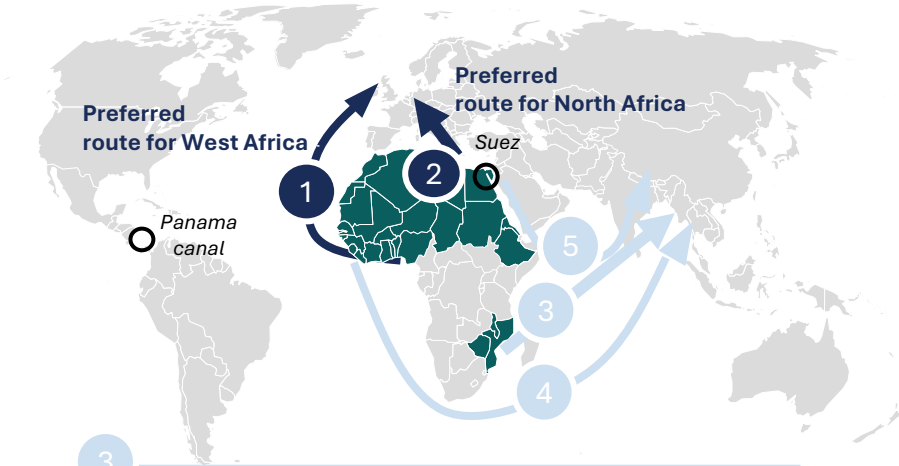
Evaluation of alternative routes of LNG and crude oil out of the Africa.

1

Case 1: West Africa to Europe

Attribute	Evaluation
Transit Time (days)	10-12
Shipping cost	Crude: 0.6 $/boe LNG: 0.2 $/MMBtu
Chokepoints	None
Comment	**Natural primary market for West African volumes to Europe shortest. Chokepoint-free**

*Alternative supply routes out of **Africa.**[1]*



4

Case 3: West Africa via the Cape of Good Hope to Asia

Attribute	Evaluation
Transit Time (days)	20-30
Shipping cost	Crude: 1.4 $/boe LNG: 0.5 $/MMBtu
Chokepoints	None
Comment	**The chokepoint-free path to Asia, alternative trade-off for voyage length and cost vs. disruption**

2

Case 2: North Africa to Southern Europe

Attribute	Evaluation
Transit Time (days)	2-4
Shipping cost ex canal fees	Crude: 0.2 $/boe LNG: 0.1 $/MMBtu
Chokepoints	None
Comment	**Shortest route to Europe. Seaborne LNG and crude are the flexible alternative pathways in addition North Africa's gas pipelines**

3

***Case 3:* Mozambique to East Asia[2]**

Attribute	Evaluation
Transit Time (days)	15-20
Shipping cost	Crude: 1.0 $/boe LNG: 0.3 $/MMBtu
Chokepoints	None
Comment	**East Africa's natural outlet to Asia, shipping directly across the Indian Ocean**

5

Case 4: North Africa via Suez to Asia

Attribute	Evaluation
Transit Time (days)	14-16
Shipping cost	Crude: 0.8 $/boe LNG: 0.3 $/MMBtu
Chokepoints	Suez Canal
Comment	**Shortest North Africa → Asia path, significantly longer voyage than the Europe pathway at a cost premium as it also passes Suez.**

1) Trade routes are based on shipments from West Africa (Bonny) to Rotterdam (1) and to East Asia via the Cape of Good Hope (3), and from North Africa (Arzew/Idku) to Southern Europe (2) and to East Asia via the Suez Canal (4); 2) Mozambique can also serve Europe via the Cape of Good Hope (~30–40 days) or Suez (~20–25 days), at a significant cost premium over the primary Asia route; not shown Source: Rystad Energy GasMarketCube. Note: Shipping costs are exclusive of canal fees and fuel

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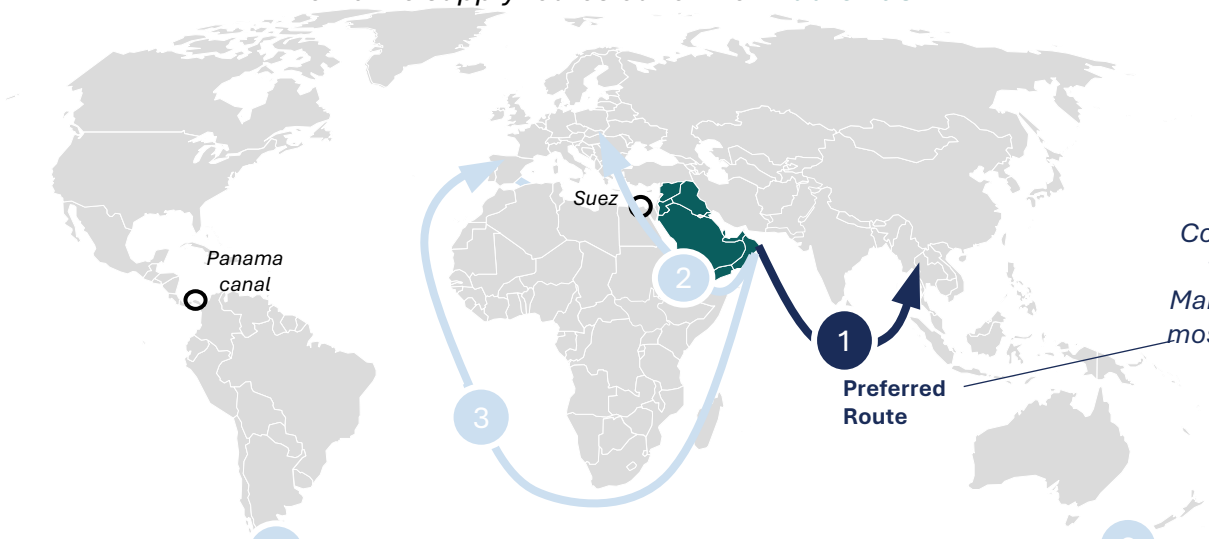
Hormuz is a supply risk for Asia and Europe; however, Asia has been the largest buyer historically

Evaluation of alternative routes of LNG and crude oil out of the Middle East

*Alternative supply routes out of the **Middle East** [1]*



Comparable distance to Asia and Europe, but the Asia route skips the Suez and Bab-el-Mandeb chokepoints — the cheapest outlet, so most volumes have flown East historically, both LNG and crude

1

Case 1: Middle East to East Asia

Attribute	Evaluation
Transit Time (days)	15-20
Shipping cost	Crude: 1.0 $/boe LNG: 0.4 $/MMBt
Chokepoints	None
Comment	**Partly inside and outside Hormuz, flows from the Gulf has flowed East**

2

Case 2: Middle East via Suez to Europe

Attribute	Evaluation
Transit Time (days)	20-25
Shipping cost ex canal fees	Crude: 1.2 $/boe LNG: 0.4 $/MMbtu
Chokepoints	Suez Chanel
Comment	**Reaches Europe via the Red Sea while that corridor remains open**

3

Case 3: Middle East via the Cape of Good Hope to Europe

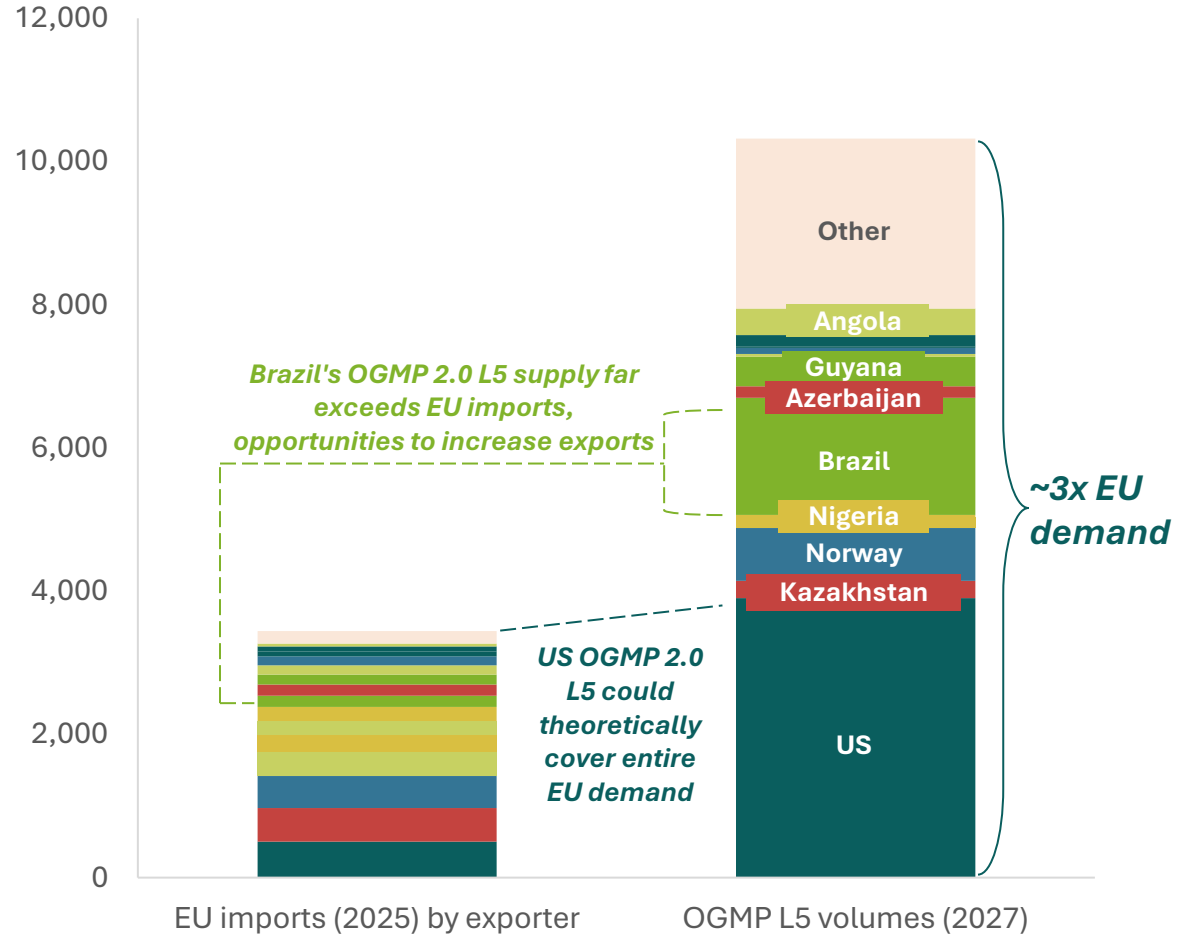
Attribute	Evaluation
Transit Time (days)	30-40
Shipping cost	Crude: 2.0 $/boe LNG: 0.7$/MMBtu
Chokepoints	None
Comment	**Serves Europe when the Red Sea is unsafe, accepting a longer voyage to avoid all chokepoints**

Trade routes are based on shipments from inside the red sea and through the Strait of Hormuz to representative destinations: a Northeast Asian port (1), and Rotterdam via the Suez Canal (2) and via the Cape of Good Hope (3). Note: Qatari (Ras Laffan) and UAE (Das Island) volumes sit inside the Persian Gulf with no route that bypasses the strait.
Source: Rystad Energy GasMarketCube. Note: Shipping costs are exclusive of canal fees and fuel

OGMP 2.0 Level 5 oil supply across suppliers and grades expected to exceed EU import demand

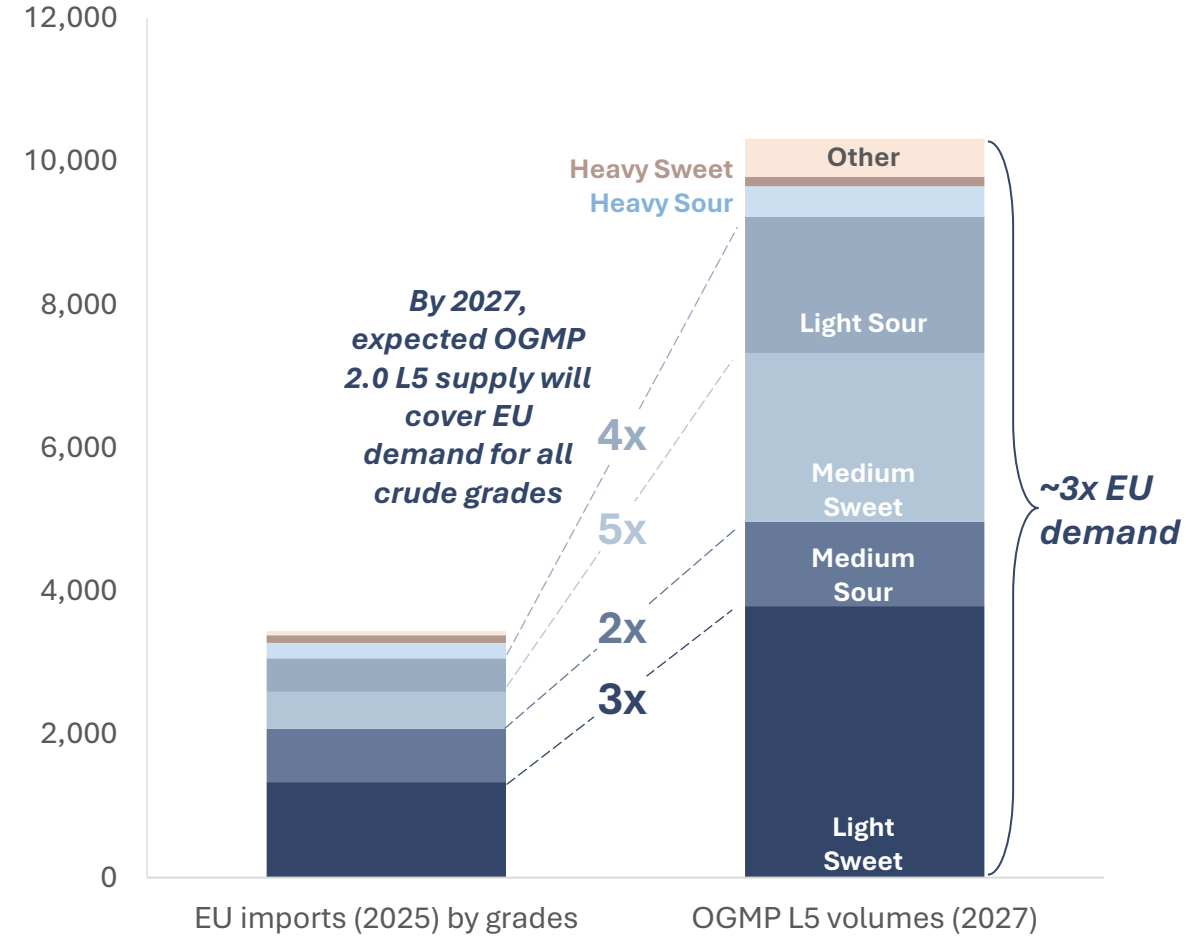
EU import demand vs. available OGMP 2.0 L5 volumes by supplier

Million barrels[1]



EU import demand vs. available OGMP 2.0 L5 volumes by grade

Million barrels[1]



1) Import volumes are 2025; OGMP 2.0 L5 supply volumes are 2027. Seaborne trade only; intra-EU flows excluded. OGMP 2.0 L5 volumes are estimated only for countries that have supplied EU historically.

Sources: Rystad Energy research and analysis; Vortexa; Rystad Energy UCube;

Sufficient OGMP 2.0 volumes globally, coverage varies across suppliers

Top 15 EU importers (95% of total imports)

Country	Exports to EU (mbl & share of total EU imports)		OGMP L5 available supply[1] mbl	OGMP 2.0 L5 coverage[2]	Volume assessment[3]
United States	503	15%	3,904 / 8,989	777%	Large surplus of OGMP 2.0 L5 supply
Kazakhstan	468	14%	241 / 796	52%	Insufficient OGMP 2.0 L5 supply to cover EU imports
Norway	447	13%	737 / 754	165%	Sufficient OGMP 2.0 L5 supply
Libya	343	10%	551	0%	No OGMP 2.0 L5 supply and historically an important EU supplier, though NOC joined OGMP 2.0 in 2026, indicating long-term ambitions
Saudi Arabia	233	7%	4,464	0%	No OGMP 2.0 L5 supply and at risk due to location within Hormuz
Nigeria	195	6%	149 / 658	76%	OGMP 2.0 L5 supply is insufficient to cover EU imports
Iraq	194	6%	1,694	18%	Small OGMP 2.0 L5 supply and at risk due to location within Hormuz
Brazil	156	5%	1,632 / 2,107	1043%	Large surplus of OGMP 2.0 L5 supply and growing production numbers
Azerbaijan	156	5%	161 / 207	103%	Barely sufficient OGMP 2.0 L5 supply to cover EU imports[3]
Guyana	138	4%	414	300%	Large surplus of OGMP 2.0 L5 supply
Algeria	130	4%	549	31%	Insufficient OGMP 2.0 L5 supply to cover EU's historical imports
United Kingdom	128	4%	85 / 230	67%	Hard to assess as volumes are typically result from rerouting into EU
Mexico	68	2%	22 / 609	33%	Insufficient OGMP 2.0 L5 supply to cover EU imports
Canada	68	2%	157 / 2,349	231%	Large surplus of OGMP 2.0 L5 supply
Angola	41	1%	369 / 454	891%	Large surplus of OGMP 2.0 L5 supply
Other	176	5%	2,373 / 9,330	1350%	Large surplus of OGMP 2.0 L5 supply (e.g., UAE, Qatar) but low existing imports

OGMP 2.0 L5 | Non-OGMP 2.0 L5

Availability of L5: High | Partial | Low | Hormuz

1) Production includes all liquids (crudes, condensates, NGLs, etc.) 2) Expected 2027 OGMP 2.0 L5 coverage = a country's OGMP Level 5 supply divided by EU imports from that country. 3) Availability flags are classified by; Green: >100; Yellow: 50-100; Red: <50 4) Most supply is BP operated, on track to L5 by 2027, driving up Azerbaijan share

Sources: Rystad Energy research and analysis; Rystad Energy UCube; Vortexa. Note: See appendix for details on the methodology of establishing 2027 OGMP supply

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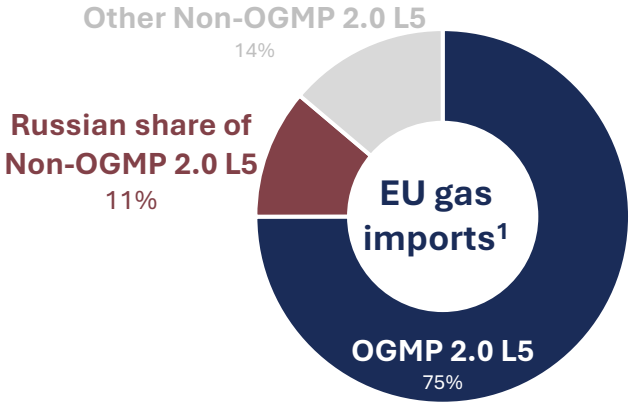
EU MER is synergistic with existing policies and a phase-out of Russian imports

Historical Russian imports make up a substantial share of non-OGMP 2.0 L5 supply



EU MER synergies:

- The ban of Russian gas imports require tracing of origin mechanisms that are also part of EU MER
- Volumes displaced by sanctions are largely those that would also fail MER compliance.
- Phasing out Russian gas shrinks the non-compliant pool, while tightening MER standards disproportionately pressures Russian suppliers and requires tracing of volumes.

Synergies with existing policies

- The EU MER introduces methane compliance conditions on EU energy imports, with potential penalties for non-compliance, aiming to reduce lifecycle emissions of gas consumed in the EU. This aligns with the broader EU decarbonization and emissions policies
- The regulation reinforces two existing policy tracks aimed at reducing EU fossil fuel dependence and emissions: the REPowerEU Gas Regulation (EU 2026/261) and EU Fit for 55.

Tracing of origin

- The EU MER requires reporting on producer identity, origin, transport routes, and methane performance for all imports into the EU.
- The tracing of the origin in EU MER of all cargos will bolster the ban of Russian energy imports, through greater supply chain transparency.

Potential compliance volumes in EU MER

- The EU MER's consensus route towards compliance is through OGMP 2.0 Level 5 certificates with third-party verification of MRV.
- Russian volumes are expected to have low OGMP Level 5 coverage, and as such have a high probability being non-compliant with EU MER. As such the ban of Russian gas and EU MER are synergistic from a regulatory perspective, but not additive from a volumetric perspective.

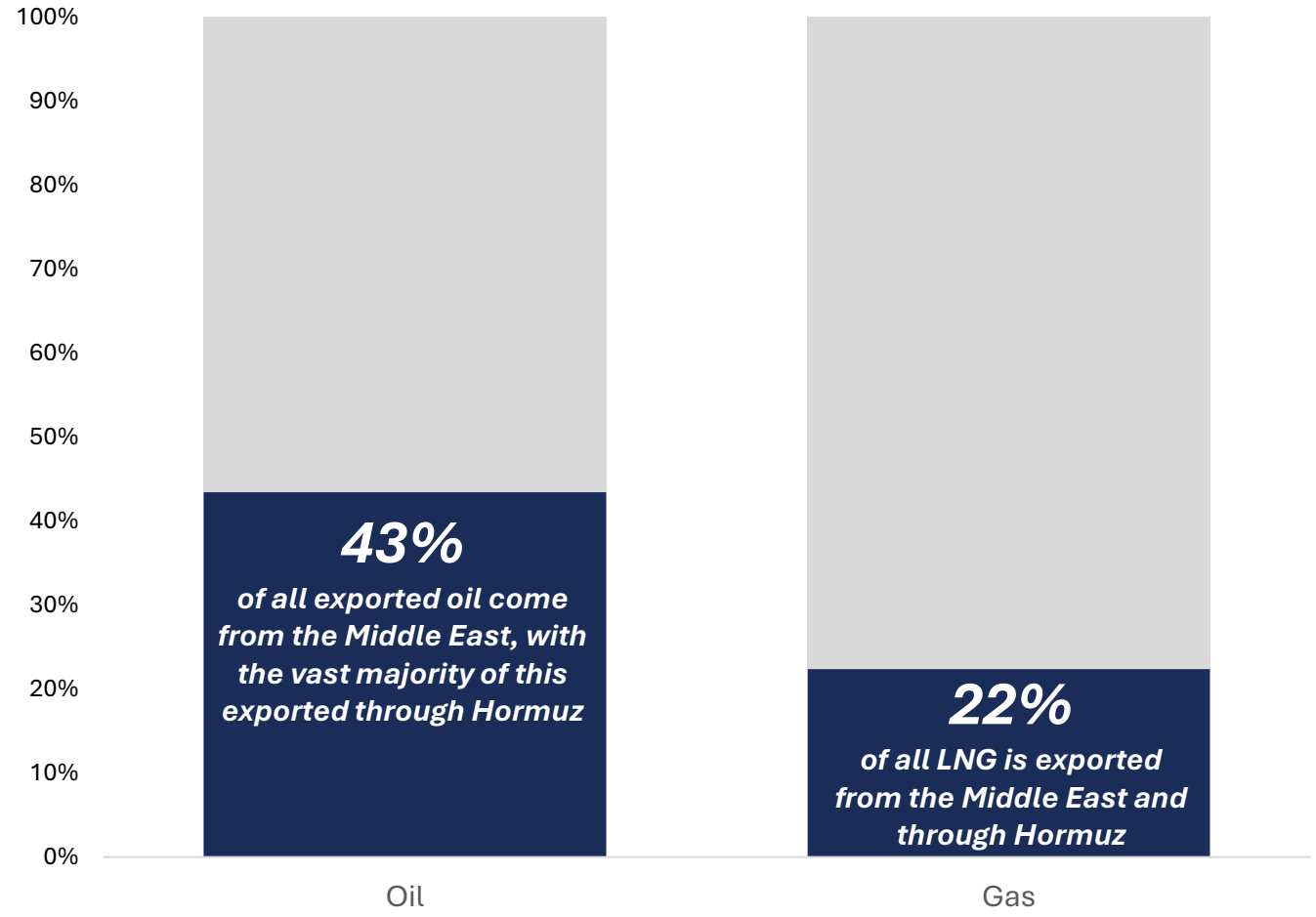
1) Based on expected 2027 OGMP 2.0 Level 5 supply applied to 2025 EU import volumes.

Sources: Rystad Energy research and analysis

The Middle East is the world's largest exporter of fossil fuels; a closure of the Hormuz has outsized market impacts and should not be compared to EU MER

Global production of gas and oil

Million barrels of oil equivalents per day



The closure of Hormuz has direct and significant market impact

- The Middle Eastern producers of natural gas and oil are collectively one of the world's most important producers of oil and gas.
- A closure of the Strait of Hormuz immediately removes a large share of the global supply from the market as vessels are unable to exit the Strait.
- Commodity price effects are seen globally and trickle into all oil and gas price benchmarks where imports make up a share of the supply and ultimately could lead to demand destruction due to a shortfall of supply

EU MER is a regulation seeking to increase transparency and reduce waste in oil and gas value chains

- The EU MER does not directly restrict supply to EU markets, but regulatory enforces MRV activities upstream of compliant suppliers to the Union.
- Producers unable to demonstrate MRV activities and eventually emission thresholds risk penalties.
- Measuring methane leaks is the first step towards reducing wasted gas, and the technical costs of doing so are estimated to be modest.

Sources: Rystad Energy research and analysis, Rystad Energy UCube

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OGMP 2.0 L5 production estimated from reported operator shares and country-level breakdown

Methodology for estimating OGMP2.0 level production data by country

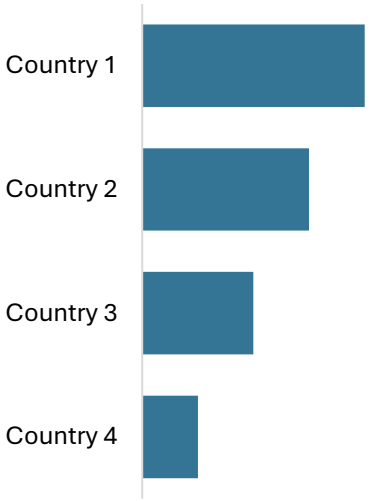
Methodology for historical (2024) data

Operator oil and gas production by country and year is derived from Rystad Energy's UCube for all operators in the OGMP

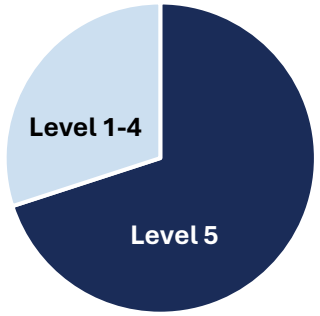
Reporting operators disclose the share of their methane emissions covered under each OGMP2.0 level on an aggregate basis through the IMEO report which is 1 year backward looking

The shares are applied uniformly to operator production[1] on a country-level to derive the final estimates

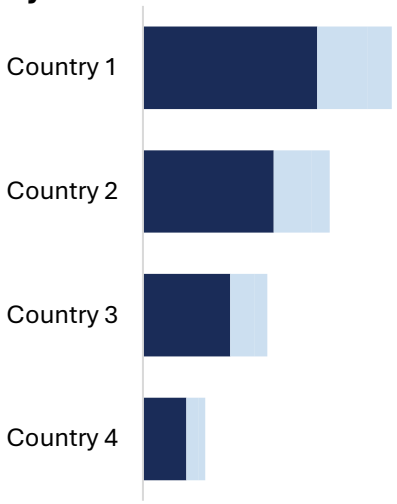
Operator production by country



Methane emissions split by OGMP2.0 level



Production by country split by OGMP2.0 level



Methodology for 2027 estimates

By 2027, all Level 4 and 5 production is expected to reach Level 5. Operators with two years of Gold Standard Reporting/Pathway are also expected to achieve 100% Level 5 production. For operators in their first year of the Gold Standard Pathway, 50% of Level 3 production is expected to reach Level 5 by 2027. All other production is not expected to do so.

- Gold Standard Reporting: company has achieved OGMP 2.0 Level 5 within deadline
- Gold Standard Pathway: company is in line to reach Level 4/5 within 3 years for operated assets
- Do report emissions, but not in line with Gold Standard Pathway

Global OGMP 2.0 L5 volumes (oil and gas) are slightly higher than presented in this report; this analysis includes only countries that historically exported to the EU, as these are the volumes most relevant for EU MER compliance.

1) 37 of 44 companies have 90% of emissions or production at one level/region giving a high accuracy despite the limited granularity of the data

Sources: Rystad Energy research and analysis; United Nations Environment Programme; OGMP

We are an independent research and energy intelligence company, equipping clients with data, insights and education that power better decision-making.

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