CARBON LIMITS

EU MR Monitoring & Reporting compliance costs

March 2026 – commissioned by Environmental Defense Fund Europe

Methodology

Scope, assumption

Cost boundaries

Assumptions

CARBON LIMITS

Conservative costing approach

- Measurement campaigns assumed to be performed by external service providers
- Activities that can be outsourced are assumed to be outsourced.

This provides conservative estimates, as the operator will revert to internal sourcing if cheaper

Scope exclusions

- Internal staff time is not included (e.g., Procurement, site access, training) but described
- Verification costs are excluded from this analysis

Implementation pathway

Producers are expected to reach OGMP 2.0 Level 5 over three years:

- Year 1 (2027): Level 3
- Year 2 (2028): Level 4
- Year 3 (2029): Level 5

Cost estimates are calculated for three typical companies and compared against oil and gas prices associated with each company's production output

CARBON LIMITS

Company 1

3 large centralised offshore platforms

Company 2

1 large central processing facility
2 small dispersed production sites

Company 3

Production field with dispersed pumpjacks connected to 3 gathering stations

For each company, costs are presented within a range that includes both the best case and conservative scenarios, taking into account the main cost elements and their key drivers.

Offshore platform (picture – Norwegian platform): https://akerbp.com/wp-content/uploads/2020/10/credit-equinorequinor-try-js-4k-v2-3840-2160.jpg
Processing facility (picture): https://hotlargesidetasseledslouchyhobo.blogspot.com/2021/06/processed-petroleum-oils-mail-processed.html
Production site (picture – Permian basin): https://fineartamerica.com/featured/oil-wells-in-the-permian-basin-jim-westscience-photo-library.html

Results

Quantitative and qualitative analysis

EU monitoring and reporting (M&R) compliance costs are small relative to production value

Value of oil and gas produced

Achieving full EU M&R compliance requires only

0.02-0.5%

of production value.

(for companies with no methane reporting reaching OGMP 2.0 Level 5 within 3 years)

Measurement-related costs*

~0.2-1.5

Million USD/year

Measurement costs include continuous metering systems (CAPEX, OPEX), source- and site-level measurement campaigns (preparation, campaign, data analysis).

Inventory-related costs*

~0.1-0.5

Million USD/year

Inventory costs include equipment list, QA/QC, inventory software (license and use), training, reconciliation, report consolidation and submission.

*The cost range covers conservative and best-case scenarios per company for the three companies assessed. Internal costs are excluded of the quantitative assessment (see qualitative assessment).

Qualitative assessment of internal costs related to M&R compliance

CARBON LIMITS

INVENTORY

- Procurement processes
- Integration of software
- Coordination and communication among internal and external stakeholders
- Providing access to PIDs and relevant documents, as well as supplying necessary documents and data to external providers

MEASUREMENT

- Procurements process
- Coordination and communication among internal and external stakeholders
- Measurement campaigns: organizing plans, managing logistics with external providers, facilitating site access, and supporting external provider travel arrangements to the country

Projected costs to sustain MRV equivalence from Year 4 onwards

CARBON LIMITS

Costs decline overtime, as soon as metering and MRV systems are in place

Main cost elements in the first three years are measurement costs (i.e., continuous metering systems, source- and site-level measurement campaigns).

However, these costs are expected to decrease over time because of:

- Learning curve effects: teams become more efficient (streamlined processes, standardized workflows), more accurate and require less external support (capabilities internalization).
- MRV system fully established: one system is in place, monitoring becomes routine rather than project-intensive.
- Growing market competition: more specialized service providers enter the space, driving prices down.
- Reduced measurement frequency: not all components might require annual measurement through measurement-based emission factors and mitigation action removing some emission points, enabling multi-year cycles.

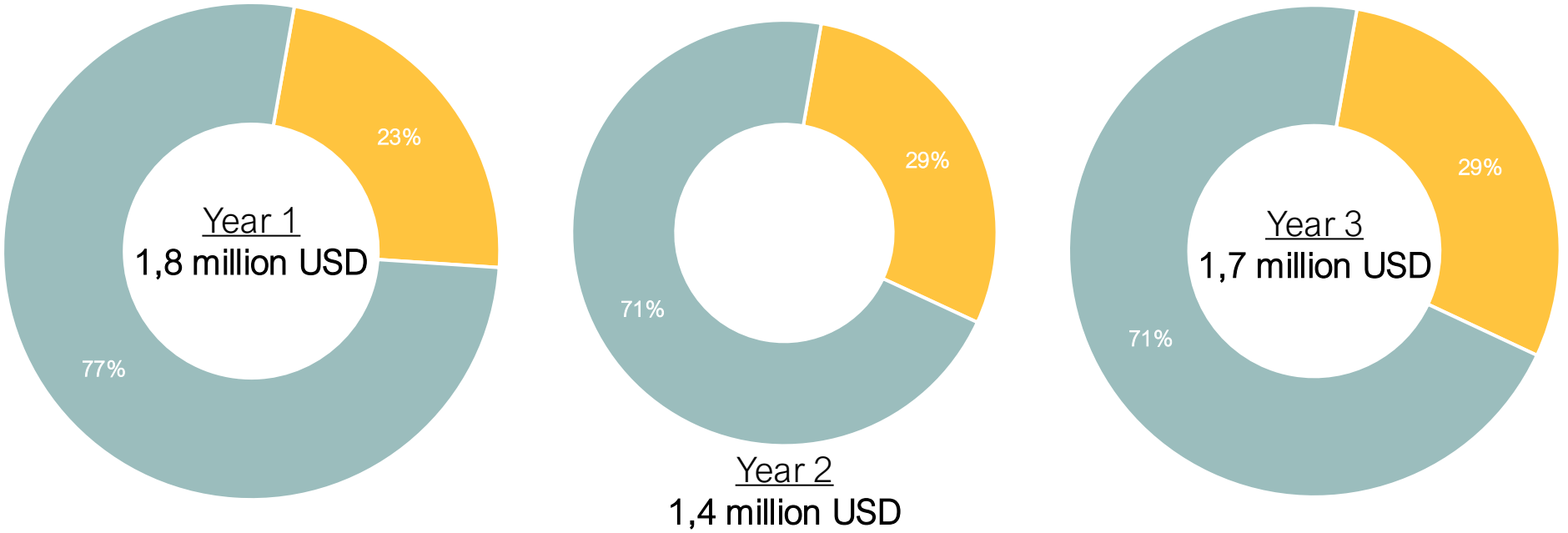
Annex

More detailed results, per company type and year

Company 1 3 offshore platforms

CARBON LIMITS

Conservative costs to reach MR*-equivalence within 3 years

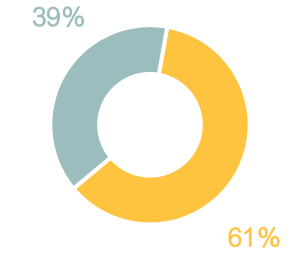


*Verification costs are not covered in this first analysis

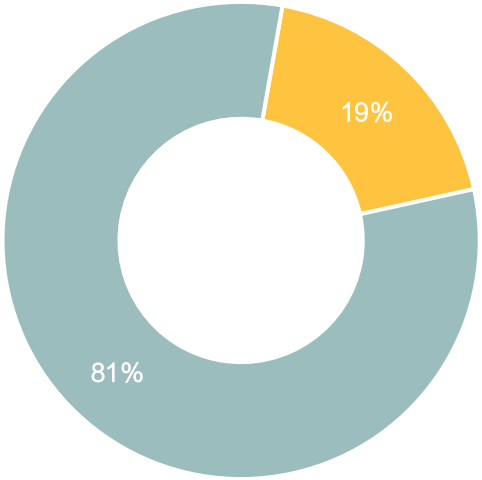
Company 1 3 offshore platforms

CARBON LIMITS

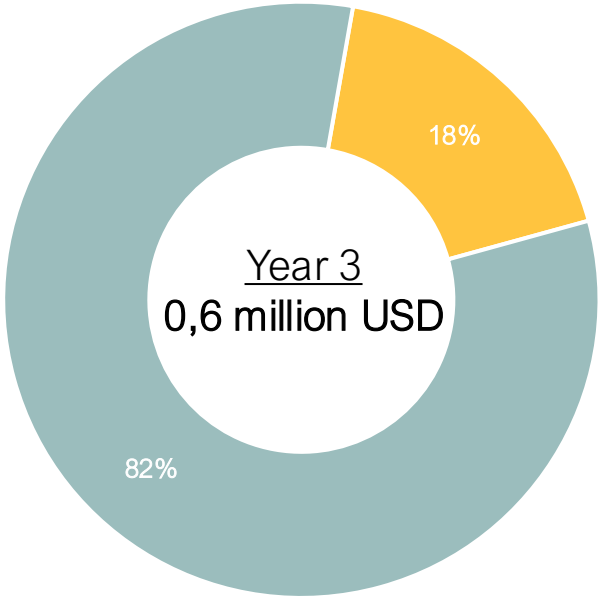
Best-case costs to reach MR*-equivalence within 3 years



Year 1
0,1 million USD



Year 2
0,5 million USD



Year 3
0,6 million USD

Inventory
Measurement

The size of the pies corresponds to the costs.

*Verification costs are not covered in this first analysis

Company 1 3 offshore platforms

CARBON LIMITS

Tables

kUSD	Costs Y1	Costs Y2	Costs Y3
Inventory	50 - 400	70 - 400	100 - 500
Measurement	30 – 1,400	300 – 1,000	450 – 1,200
TOTAL	80 – 1,800	470 – 1,400	550 – 1,700

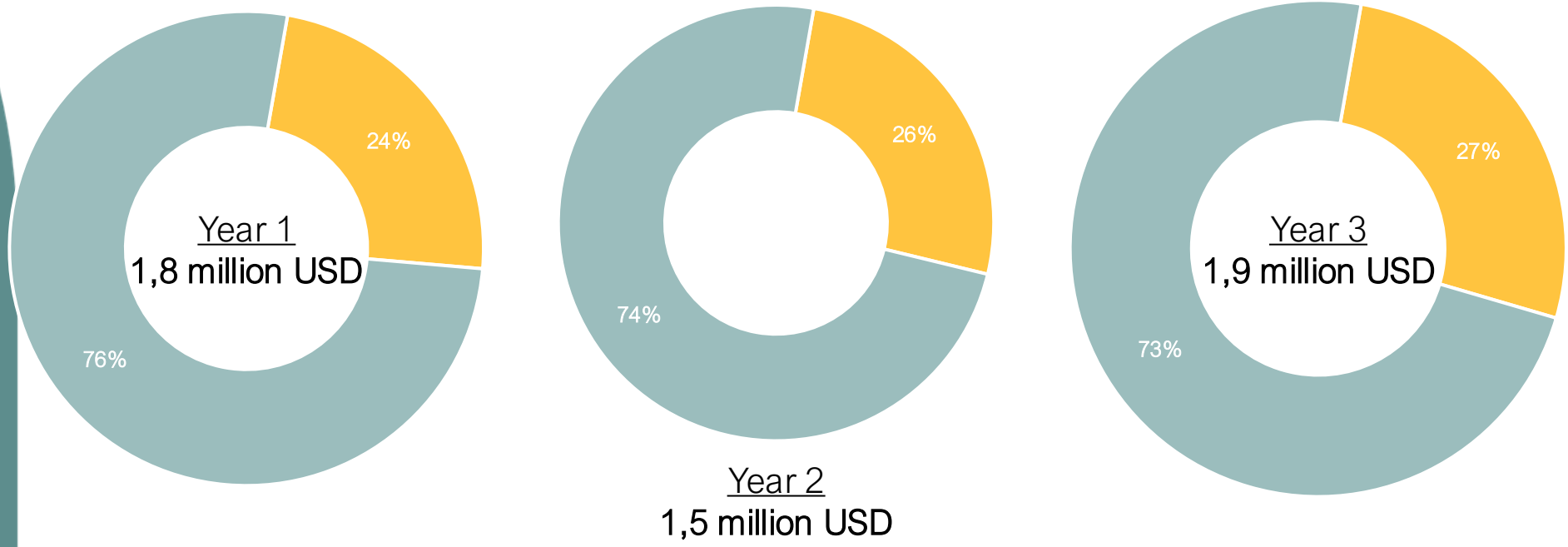
Value of oil and gas produced: **1,200 billion USD/year**

*Verification costs are not covered in this first analysis

Company 2 1 large processing facility and 2 dispersed production sites

CARBON LIMITS

Conservative costs to reach MR*-equivalence within 3 years



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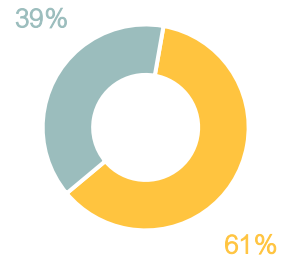
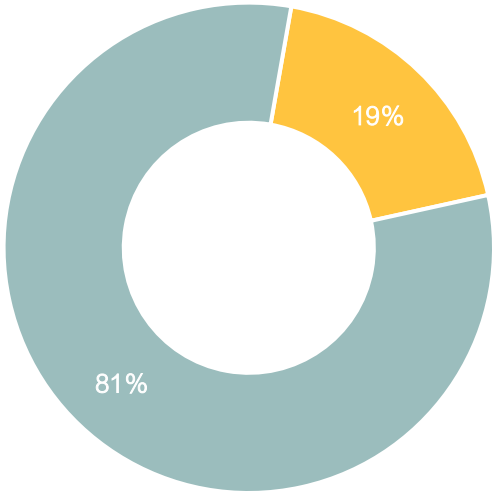
Company 2 1 large processing facility and 2 dispersed production sites

CARBON LIMITS

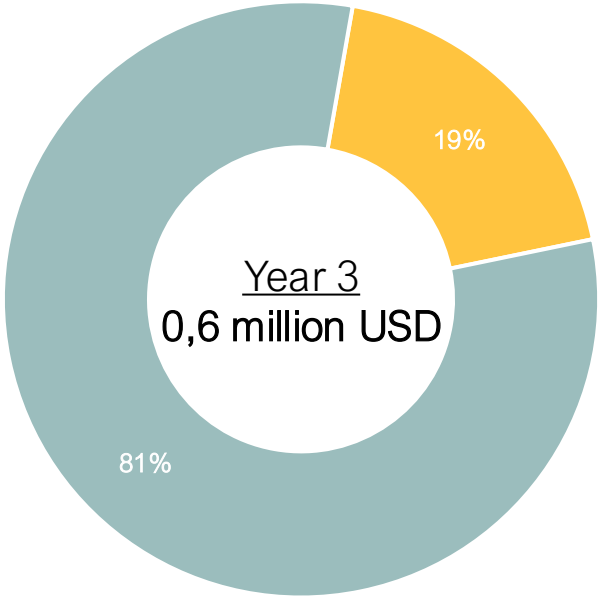
Best-case costs to reach MR*-equivalence within 3 years



Year 1
0,1 million USD



Year 2
0,4 million USD



Year 3
0,6 million USD

Inventory
Measurement

The size of the pies corresponds to the costs.

*Verification costs are not covered in this first analysis

Company 2 1 large processing facility and 2 dispersed production sites

CARBON LIMITS

Tables

kUSD	Costs Y1	Costs Y2	Costs Y3
Inventory	50 - 400	70 - 400	100 - 500
Measurement	30 – 1,400	300 – 1,100	450 – 1,400
TOTAL	80 – 1,800	370 – 1,500	550 – 1,900

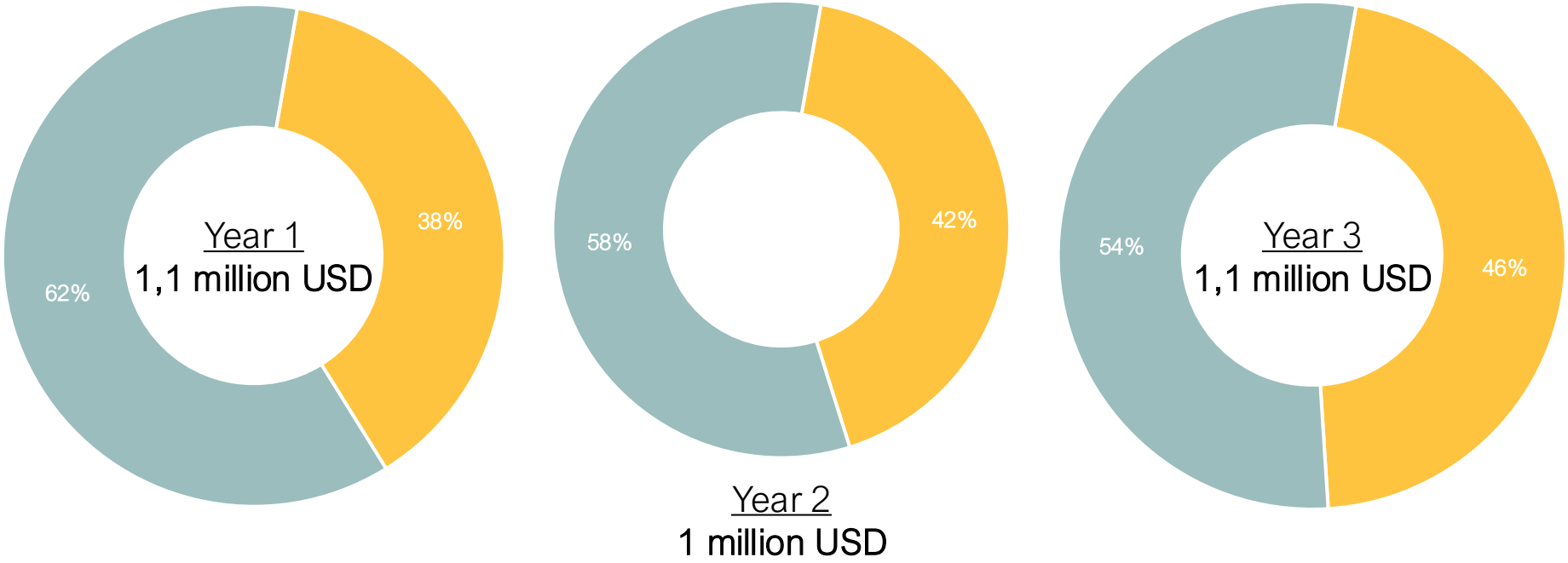
Value of oil and gas produced: **0,4 billion USD/year**

*Verification costs are not covered in this first analysis

Company 3 Producing field with dispersed pumpjacks connected to gathering stations

CARBON LIMITS

Conservative costs to reach MR*-equivalence within 3 years



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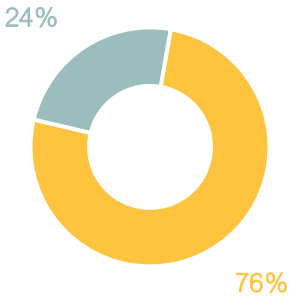
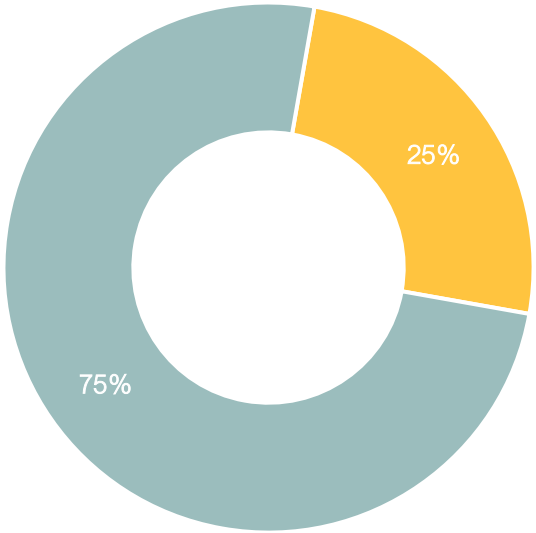
Company 3 Producing field with dispersed pumpjacks connected to gathering stations

CARBON LIMITS

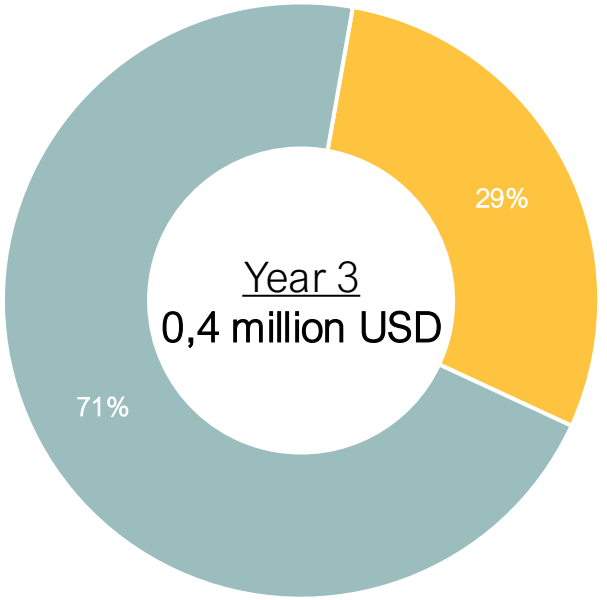
Best-case costs to reach MR*-equivalence within 3 years



Year 1
0,1 million USD



Year 2
0,3 million USD



Year 3
0,4 million USD

Inventory
Measurement

The size of the pies corresponds to the costs.

*Verification costs are not covered in this first analysis

Company 3 Producing field with dispersed pumpjacks connected to gathering stations

CARBON LIMITS

Tables

kUSD	Costs Y1	Costs Y2	Costs Y3
Inventory	50 - 400	70 - 400	100 - 500
Measurement	20 – 700	200 – 550	250 – 600
TOTAL	70 – 1,100	270 – 950	350 – 1,100

Value of oil and gas produced: **0,5 billion USD/year**

*Verification costs are not covered in this first analysis