

## OGMP 2.0 Technical Guidance Document:

# Venture Engagement – Reasonable and Demonstrable Efforts

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## Terms and Definitions

For this guidance note, terms and definitions and scope bear the same meaning as in the OGMP 2.0 Reporting Framework. For further guidance, refer to 'OGMP General Technical Guidance Document'.

## Introduction

### Purpose

This guidance document provides **additional principles-based clarifications as well as tangible examples** of the “reasonable and demonstrable efforts” defined in the OGMP 2.0 Reporting Framework (“Framework”) with particular focus on section ‘4.2.1 Venture reporting’. This guidance is subject to future updates as approaches evolve

The purpose of this document is to provide further guidance on what is considered ‘reasonable’ including examples (annexed) of possible efforts, and how OGMP 2.0 companies (“member company/companies”) can demonstrate their efforts in line with achieving the Gold Standard.

The objective is to provide guidance to member companies on the **expectations of UNEP’s OGMP 2.0** when annually assessing the efforts undertaken by member companies to work with ventures. UNEP’s OGMP 2.0 notes that the guidance and the examples provided are not exclusive or exhaustive and may not be suitable for all ventures.

This document further outlines the **criteria for assessing** whether a member company employed ‘reasonable efforts’ to meet the reporting requirements for ventures and outlines how these efforts can be demonstrated through the reporting process. The criteria outlined herein aim to enable UNEP’s OGMP 2.0 to effectively assess a company’s progress as well as to **understand the barriers** that need to be addressed, to achieve greater transparency and quality of methane emissions across the industry, so that they can be mitigated.

It is acknowledged and recognized that there are potential barriers to securing full or partial disclosure of methane emissions from ventures that could relate to contractual, import, technological, financial, legal, regulatory, policy or reporting barriers when measuring, disclosing, or improving data quality. Thus, this guidance envisages a series of approaches that can be adapted and applied across ventures, each presenting unique requirements and challenges. It is expected that methane performance will be considered alongside profit, production, operational excellence and safety within the governance agendas of ventures.

## Expectations

Member companies are expected to leverage their relationships to influence ventures to measure, report and ultimately mitigate methane emissions, working together with the venture to overcome any barriers that may arise. Member companies are responsible for managing the relationships with and commitments to their ventures appropriately.

Member companies will be assessed on the steps they have taken to resolve such barriers and demonstrate their actions through annual reporting and disclosure to OGMP 2.0.

This includes escalating issues with UNEP's IMEO and seeking support where relevant. While it is expected that companies will demonstrate the reasonable efforts undertaken to work with ventures through their annual reporting, where relevant and where UNEP's IMEO may be able to provide additional support, barriers should be identified and/or escalated in a timely manner to allow for actions to be taken. Exceptions and tolerances have been defined in 4.2.1 of the Framework and are applicable. It states for example that: *"despite making reasonable efforts ..... the inability to report that data shall not affect the gold standard status of the OGMP member provided that the OGMP member shares with the OGMP information on the reasons for the inability or prohibition of reporting this data, together with descriptions of the steps being taken to obtain these permissions."*

## Relevance

The guidance is most relevant for non-operated ventures ("NOVs"), but it is also intended as a tool to support member companies with ventures in cases of legal or other restrictions on data sharing.

## Scope

The scope of ventures is defined in the Framework under 4.1 Reporting Scope and scope is further elaborated in the OGMP General Technical Guidance Document.

## Reasonable efforts for OGMP 2.0 member companies

The following criteria will be used by UNEP's OGMP 2.0 when assessing whether member companies are meeting the Framework requirements. Based on these criteria, specific examples of reasonable efforts that a member company can deploy to responsibly manage methane emissions are contained in [Appendix 1](#).

- 1. Completeness:** While some effort is expected to be expended annually towards every materially relevant venture in their portfolio, member companies will be assessed on

whether they have prioritized efforts that will have the greatest impact on their methane emissions reporting and reduction objectives.

2. **Recruitment:** Member companies are strongly encouraged to influence ventures to join OGMP 2.0 directly, which simplifies the reporting for all parties. However, member companies will be assessed on whether they continue to maintain collaborative relationships to support collective progress towards Gold Standard reporting for the venture once a material venture joins OGMP 2.0 and whether this ongoing engagement is reflected in their aligned plans and annual reporting.
3. **Company efforts:** Strategic actions taken across a member company's portfolio of ventures.
4. **Venture-specific efforts:** Actions that are aimed at a specific venture.
5. **Alignment with other OGMP 2.0 members:** When multiple member companies have an interest in a venture, within the applicable limitations of competition policy, they are encouraged to coordinate their positions to support a venture in progressing towards Gold Standard reporting.

## Demonstrable efforts by OGMP 2.0 member companies

Member companies are expected to demonstrate their efforts within the confines of their legal, contractual or relationship obligations. Members are not expected to disclose information that they cannot disclose for legal, contractual or similar reasons, however this does not prevent them from elaborating on efforts made within these boundaries.

The objective is to provide UNEP's OGMP 2.0 with enough information to enable UNEP's OGMP 2.0 to adequately assess progress and challenges and gain insight into wider industry implications. This is to be conducted annually through the reporting process, including through the Implementation Plan, data reporting and/or other supplemental documents, as needed. OGMP 2.0 reporting tools and templates have been updated to include clearer guidance on reporting of ventures. The following are the key elements:

1. Include a list of non-operated assets (including the percentage equity) and an overview of the company's credible commitment and plan to progressively reach Gold Standard Reporting for material non-operated assets within 5 years of joining the Partnership. The Implementation Plan can be revised annually to reflect any changes in the asset ownership and materiality, and listing milestones for each asset, if applicable.
2. Capture the results (emissions data and reporting level) of the venture engagement, where company members are expected to demonstrate year-to-year improvement on the reporting level across their portfolio of ventures.
3. Document detailed efforts that have been tried for each material venture. Such efforts, including known barriers, should be explained for every venture in the implementation plan

and updated annually thereafter. In line with Section 4.2.1 of the Framework, in case of lack of progress, member companies should provide reasons as to why they are unable or prohibited to report data, indicating if the prohibition comes from the operator, the government or other cause, and share details regarding reasonable efforts that they are undertaking to obtain the data and to improve data quality. For that purpose, companies may consider including relevant documentation to support the description of steps undertaken to obtain the data (See [Appendix 2](#) for examples of demonstrable efforts).

UNEP's OGMP 2.0 reserves the right to request additional information and explanations related to the demonstrable efforts of the member company, if the information provided is not sufficient to allow UNEP's OGMP 2.0 to adequately assess member performance in demonstrating that reasonable engagement endeavours and progress to L4 and L5 reporting were made.

## Escalation and assistance

If insufficient progress is achieved in the venture reporting, the **relevant member company and/or UNEP can have recourse to the following escalation actions**. It is important to initiate such actions as soon as possible, to conform to the timelines for Gold Standard performance.

Member companies are encouraged to engage with UNEP to discuss specific persistent barriers and seek support from OGMP 2.0 non-company members where appropriate. Together, the issues can be discussed and escalated in a coordinated manner that draws on the collective nature of the OGMP 2.0 partnership.

### Support by Non-Company Members

As specified in the Framework, UNEP and non-company members in the OGMP 2.0 partnership – Governments, NGOs, and IGOs – commit to assisting member companies in their efforts towards OGMP 2.0. Thus, once UNEP is made aware by the member company of persistent barriers and efforts undertaken, a consultation can be organized between the member company, UNEP and non-company member(s). The purpose of such a consultation is to devise a strategy to engage the host government, regulator, National Oil Company (NOC) or other venture partner(s) at the origin of the barrier and/or discuss how to engage with other relevant stakeholders such as the Global Methane Pledge.

In practice it is expected that multiple member companies will have issues in specific countries, in which cases such diplomatic or other interventions on behalf of the partnership can be productive.

Engagement can include activities such as official letters, meetings or finding the appropriate channels – if any – for disclosure, in full respect of relevant confidentiality arrangements and in collaboration with the member company managing the relationship with the venture.

More broadly, support by non-company members can include:

- Supporting the recruitment of companies into OGMP 2.0 partnership
- Working with relevant host governments and NOCs wherever possible, to help remove barriers to data sharing
- Promoting the OGMP 2.0 Framework in support of policy and regulatory efforts
- Supporting increased ambition and accountability of member company targets and commitments through appropriate channels, where such actions can influence the desired outcome among venture partners
- Contributing technical expertise to OGMP 2.0 Task Forces to develop guidance on how to meet the requirements of the Framework
- Providing access to existing resources created to provide insights into reducing methane emissions from the oil and gas sector
- In the case of the European Commission, actively supporting and partnering with companies to help remove barriers in relevant jurisdictions and establishing and funding the Mechanism – IMEO – referred to in Section 4.6 of the Framework.

UNEP itself reserves the right to escalate the issue with the competent authority in case of persistent under-reporting, no reporting or reporting that is not at the required levels and timeframe outlined in the Framework, in a given jurisdiction. In such cases, UNEP's OGMP 2.0 will consult with relevant member companies accordingly. In such cases, should the member advise against the escalation, the member needs to provide a justification for UNEP's consideration.

## Appendix 1: Examples of reasonable efforts

Based on the criteria outlined in Section 2, the following are examples of reasonable efforts that an OGMP 2.0 member company could take within their own organization to implement OGMP 2.0 reporting requirements with ventures. Examples are illustrative to provide more tangible use cases for the types of efforts that UNEP's OGMP 2.0 will assess annually. They are not prescriptive or exhaustive, nor relevant or appropriate for all venture types. It is anticipated that examples of reasonable efforts will evolve as UNEP's OGMP 2.0, and member companies gain more experience in working with ventures on this topic.

### 1. Completeness

#### A credible forward-looking implementation plan, annual progress updates, and reported data

Member company efforts include but are not limited to the following:

- Clearly defined and comprehensive plan to reach Gold Standard, articulated in the Implementation Plan (IP) including all relevant fields (refer to latest IP template) over the required timeframe.
- Clear description of progress and barriers to provide an overview of actual performance of ventures. Relevant information can include but is not limited to:
  - Internal coordination to lead on ventures engagement and engagement approach
  - Outreach to target stakeholders
  - Capability building, awareness-raising
  - Inventory of partners and clearly defined barriers
- Annual report of progress, including methane emissions data or estimates for ventures, as per reporting template requirements, or identification of barriers where relevant

### 2. Recruitment

#### Recruitment of ventures to OGMP 2.0

Member company efforts include but are not limited to:

- Sharing as early as possible, member company's commitment, plan, and roadmap to implementing OGMP 2.0. This could include briefing sessions with leadership teams on the industry business case for OGMP 2.0 (see [Appendix 3: Value proposition for joint ventures](#)), on company specific strategic plans that include decarbonisation and/or methane emissions reduction, and/or on the OGMP 2.0 partnership
- Collaboration with other invested partners to persuade the venture to join OGMP 2.0
- Introductions to UNEP's OGMP 2.0

### 3. Member company efforts

Member company efforts include but are not limited to:

#### Engagement planning and strategy / organizational accountability

- Assign dedicated internal engagement teams who coordinate across both organisations to lead engagement with ventures.
- Develop engagement collateral such as communications materials, OGMP 2.0 toolkits, training materials (see below)
- Arrange briefing sessions with leadership to build awareness of OGMP 2.0 (risks, benefits, expectations etc.)
- Demonstration of inclusion of methane reporting and mitigation on the agenda of the governance board of the entity by the OGMP 2.0 company.

#### Develop a strategy with the venture

- Identify key barriers such as contractual limitations, and develop plans to address these through data sharing agreements, collaboration agreements for piloting methane emissions measurement and monitoring technologies or similar
- Develop a strategy for implementation of the Framework considering interim, quantitative and timebound targets (e.g., engagement KPIs, % emissions addressed etc.) that outline the company's pathway to meeting its methane emissions reporting objectives and a mechanism to evaluate progress, that can be included in the company's OGMP 2.0 Implementation Plan
- Develop implementation roadmap and plans in collaboration with venture stakeholders

#### Conduct materiality assessment, map stakeholders and business processes and identify opportunities to intervene

- For ventures, analyse the portfolio and develop a list of priority ventures based on whether engagement efforts are likely to result in the ventures improving their methane management practices and data reporting to Level 4 and 5. The prioritization can be done based on a variety of factors, including but not limited to:
  - The venture's materiality to overall portfolio emissions (cf. OGMP 2.0 guidance on materiality analysis)
  - The venture's existing policies in methane management and reporting and commitment to reduce methane emissions
  - Established relationships and influencing potential, presence of other OGMP 2.0 member(s) as partners in the venture

- Applicability of non-venture specific methane commitments, such as host government's participation in the Global Methane Pledge / support for methane planning, policies and targets, and climate ambitions

### Conduct training and capacity building for key stakeholders

- Develop a methane emissions training program for employees and contractors who are involved with venture management (i.e., the "Asset Team") and for employees of the venture, including:
  - Host joint board training sessions on methane emissions and OGMP 2.0
  - Host joint shareholder-led workshops with operators
  - Train asset managers and operators on methane emissions and OMGP 2.0
- Topics to be covered can include:
  - Introduction to Methane Management and Reporting<sup>1</sup>
    - Importance of methane emissions reporting and management
    - Introduction to OGMP 2.0 and the Framework
  - Company's commitment to reducing methane emissions
    - Summary of the company's methane commitments and emissions reduction strategy
    - The company's methane emissions profile and key sources of methane emissions
    - Resources available internally and externally related to reducing methane emissions
    - Case studies of methane emissions reporting and/or reduction projects
  - Venture engagement and influencing<sup>2</sup>
    - Best practices for engaging with venture on the topic of methane emissions reporting and management
    - How to create and operationalize an influencing plan

### Support ventures through the reporting process

- Inform each venture about the OGMP 2.0 reporting requirements in advance of the reporting deadline and send requests to obtain emissions data and permission to report.

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<sup>1</sup> Modules from the UNEP methane training could be made available to facilitate this.

<sup>2</sup> See MGP: Joint Venture Playbook

- Explore opportunities to co-fund and co-conduct measurement campaigns, discussing findings and next steps to grow learnings
- Develop/provide tools such as data collection workbooks for ventures to store, track, and transfer methane emissions and activity data more easily

### Modify Methane reporting provisions in new Contractual Agreements to allow for data sharing

- Develop model methane reporting provisions for new venture agreements, train key company stakeholders on their importance, advocate for their inclusion in new venture negotiations.
- Conduct due diligence of methane emissions and reporting when considering new investments in existing ventures, and advocate for the inclusion of methane reporting contractual rights or technical improvements to methane emissions reporting, as needed<sup>3</sup>.
- Review venture legal agreements and applicable laws to identify legal barriers to obtaining methane data.
- Evaluate operator's posture towards methane management, reporting and mitigation, and develop operator-specific strategy to build the case for methane action.
- Create a venture specific influencing plan that includes aligning methane commitments and a strategy for methane emissions management as key focus area, including a workplan, stakeholder engagement plan, key messages, and communication strategy.
- Track efforts made under the influence plan and operator's responses, update the influence plan to include engagement that is progressively escalated to senior company executives.
- Make methane emissions experts accessible to the asset team, and include them, as appropriate, in meetings with the venture's operator and management team.
- Engage internally with OGMP 2.0 member's government affairs team (or its equivalent) to better understand the regulatory environment and determine if engaging directly with the government is appropriate (especially in cases where the operator is a state-owned oil company, or the state-owned oil company is non-operating partner and has substantial influence over the venture's capital investments).
- Work with/support the operator to address any technical concerns, which may take the form of:
  - Supporting studies to quantify methane emissions and define projects for approval.

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<sup>3</sup> See MGP: Joint Venture Playbook

- Supporting a team of technical experts and engineers to help design, execute and evaluate a methane emissions management strategy for the venture.
- Developing a roadmap for moving from Level 1 to Level 5 to achieve and maintain Gold Standard status.
- Pathway planning for achieving methane emissions reduction targets.
- Explore co-funding measurement campaigns, sharing technology resources, or conducting measurement campaigns
- Provide detailed implementation guidance and share lessons learned, to fast-track the venture's implementation
- Facilitate connections to technology partners and support with due diligence

#### 4. Align with other OGMP 2.0 members

The following are efforts that an OGMP 2.0 member are encouraged to take with others:

- Align with other OGMP 2.0 members who hold an interest in the venture to engage with operator or management team, assign one/more members to be lead engagement partner.
- Use venture governance channels to introduce, discuss, and monitor methane reporting and mitigation efforts. This may include adding methane topics to the agenda for board and technical committee meetings, and for annual workplan and budgeting process.
- Collaborate with other OGMP 2.0 members to develop a coordinated engagement plan. For example, workshops bringing together OGMP 2.0 members and non-OGMP 2.0 operators who operate in the same region or basin are strongly encouraged.
- Jointly support the venture to join OGMP 2.0.
- Share learnings from required methane emissions data reporting, provide access to member's own guidance, resources such as technical and financial resources, and tools.
- Propose venture board or operating committee resolution authorizing methane emissions reporting, target setting, and/or investments to improve methane emissions data collection
- Propose creation of a board subcommittee with a mandate to provide oversight of methane emissions and reporting.<sup>4</sup>

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<sup>4</sup> See MGP: Joint Venture Playbook



## Appendix 2: Examples of demonstrable efforts

This section provides examples of the level of details recommended in the demonstration of efforts in the annual OGMP 2.0 reporting. This list is non-exhaustive and, as mentioned above, UNEP reserves the right to request additional information and explanations related to the demonstrable efforts of the OGMP 2.0 members in cases of lack of reporting progress. OGMP 2.0 members are expected to focus their documentation efforts on ventures where there is a persistent lack of reporting progress.

### At Company level:

- A description of the **engagement approach** that member companies took with ventures and what this approach aimed to achieve, and any differences in the engagement approach for different ventures. Examples of demonstrable efforts could include a **description of efforts** and where relevant and appropriate, supporting documentation such as communications from Head Office to relevant people at the venture(s), including strategy, ambition, targets, implementation plan, measurement campaigns, and/or requests for data.
- Information on **outreach** to personnel in charge of venture asset management of methane emissions indicating, if possible, the purpose, nature and cadence of the outreach, and the target stakeholders including organizational positions in relation to driving methane emissions management
- Information on **capability building** and awareness raising through initiatives such as webinars / workshops / trainings to leadership, and/or personnel in charge of NOV asset management. Examples of (optional) documentation include: Webinar / workshop agenda, high-level description of training content, participant titles or role functions
- Methane **reporting provisions** included in new venture agreements
- An **inventory** of venture partners not disclosing the requested data and where possible, the key reasons for this. Where 'no permission to report' is cited, member companies are encouraged to elaborate on the reasons for why this was the case and the steps taken to overcome this. If consent to disclose data to a 3<sup>rd</sup> party is contractually required companies are encouraged to elaborate on the steps taken to attempt to secure this consent.

### At venture level:

- Information on outreach to venture partner to engage them on OGMP 2.0. Examples of (optional) documentation include: Communications such as letter(s) to venture partner(s) to engage them on OGMP 2.0, indicating level of seniority of the sender and the addressee and possible escalation to higher seniority level

- Information on OGMP 2.0 members joint influencing efforts (agenda of bilateral meetings/workshops, joint exchanges with partners)
- Presentation to official delegation visiting Head Quarters. Examples of (optional) documentation include: Purpose, outline, the level of participation, duration and timing, outcomes
- Visits in person to assets / partner offices. Examples of (optional) documentation include: brief description of the objective, stakeholders engaged, key outcomes of meetings held
- Information on board resolutions / board meeting discussions. Examples of (optional) documentation include: Description of objectives, description of content, copy of board resolution and/or relevant extract of board meeting summary. Workshops delivered to potential members to promote or raise awareness of OGMP 2.0. and/or implementation of OGMP 2.0 commitments. Examples of (optional) documentation include: workshop agenda, including topics, the level of participation, duration and timing
- Summary of legal barriers to obtain venture specific data identified, including proposed steps to unlock these barriers

## Appendix 3: Value proposition for joint ventures

In addition to the above resources, UNEP's OGMP 2.0 offers a high-level value proposition of the various benefits to joining OGMP 2.0, that can be tailored by member companies when engaging stakeholders. This is outlined below:

### Informed Mitigation

- OGMP member company case study demonstrates the value of measurement to inform accurate and cost-effective mitigation (See mitigation examples and company stories of progress in [Eye on Methane 2025](#).)
- Measurement-based studies suggest that, in addition to the total reported emissions being generally underestimated by generic emission factor-based estimates, in part due to omission of certain sources and under-accounting for malfunctioning equipment, the source attribution (understanding of the relative contribution to the total emissions by source) is also likely inaccurate. OGMP 2.0 provides a pathway to more accurate data to better inform mitigation. Despite this, inventories informed by generic emission factors are a necessary step in the journey to informing prioritization efforts as companies move through the reporting levels.

### The Climate Imperative

- Collectively reducing methane emissions is the most critical near-term action that we must take, to have any chance of keeping warming within 1.5 – 2 degrees Celsius.
- With credible data of the kind that IMEO provides, stakeholders can effectively track mitigation of emissions and our collective progress against climate goals

### Credibility and Trust

- Measurement, emissions mitigation and data transparency are key value adds of the OGMP 2.0 framework, helping to build trust and credibility in the industry members' performance.
- Recognised as the global MMRV (Measuring Monitoring, Reporting Verifying) standard: OGMP 2.0 is explicitly referenced within the EU Methane Regulation (EU) 2024/1787 of the European Parliament and of the Council on methane emissions reduction in the energy sector..
- Over 150 countries have signed the Global Methane Pledge committing them to reduce methane emissions by 30% by 2030.
- Regional influence across ASEAN through the Methane Leadership Partnership (MLP).
- OGMP 2.0 membership offers high-level speaking engagements at key events (e.g. CERAWeek, ADIPEC, COP).

### Investor Scrutiny

- Institutional investors and banks see OGMP Gold Standard as a binary indicator of companies' methane emissions data quality and methane management, risk management and disclosure.
- Federated Hermes, Blackrock, UBS, Legal & General, and JP Morgan, alongside groups including the \$10 trillion Net Zero Asset Owner Alliance and IIGCC's Oil and Gas Net Zero Standard have all stated support for OGMP 2.0 Framework.

### Regulation

- The EU Methane Regulation has become legislation. There are points where OGMP 2.0 can be used to meet equivalence for MMRV and further prepare companies for the reporting requirements for non-operated assets, which goes beyond the OGMP framework. In addition to requirements for European oil and gas companies, the regulation will progressively introduce more stringent requirements that apply monitoring reporting and verification and methane emissions intensity obligations on imported fossil fuels.<sup>5</sup>
- Other governments around the world are looking at OGMP 2.0 to inform methane policies and regulations. Performance standards should be based on reliable data, like L5 reporting and other equipment-based standards and work practices (e.g., LDAR) can be informed by L3 and L4 level inventories. There is a lot of utility in leveraging lessons from OGMP 2.0 to inform regulation.
- OGMP 2.0 reporting framework helps companies prepare for and respond to emerging policies and regulation on methane emissions associated with oil and gas exports.

### Market Access

- Future border adjustment taxes will favour low methane intensity oil and gas exports – demonstrable through OGMP 2.0 Gold Standard.
- OGMP has seen greater engagement from major buying markets such as Korea and Japan with interest in transparent emissions disclosure to inform purchasing decisions. IMEO and OGMP 2.0 are collaborating with the methane emission reduction initiative (CLEAN) launched by Korea Gas Corporation (KOGAS) and JERA in 2023 to reduce emissions along LNG value chain. CLEAN is a powerful signal from a major buying market on the market benefits of low methane gas demonstrable through empirical data.

### Financing

- Methane emissions are a wasted resource, responsible for about \$30 billion in lost product every year.<sup>6</sup>

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<sup>5</sup> [News Announcement Directorate-General for Energy May 2024](#)

<sup>6</sup> [CCAC Global Methane Alliance](#)

- OGMP 2.0 membership is required by eligible organisations to access funding from World Bank's Global Flaring and Methane Reduction Partnership (GFMR).
- The application of an internal price on methane emissions using a Global Warming Potential of 20 years can help inform decision-making and investment prioritization<sup>7</sup>.

### Knowledge and Experience Sharing

- OGMP 2.0 offers an unprecedented platform for peer learning and experience sharing between industry's experts and includes: voluntary mentoring programme, Asset Manager Network, annual implementation conference, experience sharing webinars, access to training, the ability to shape the Technical Guidance, and privileged access to MARS: OGMP 2.0 companies are notified directly by IMEO if a methane plume is detected by MARS at one of their facilities or those of their JVs, to allow for swift mitigation on the ground.

### Flexibility

- OMGP 2.0 meets companies where they are on their methane journey, allowing for more rigorous and accurate methane emissions reporting to inform mitigation
- Materiality rules enable companies focus on most material (largest) sources of methane emissions and opportunities for reduction
- Gold Standard (Pathway or Reporting) is an aspiration rather than a requirement – companies may aspire to achieve it, however not achieving it does not mean that you lose membership.

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<sup>7</sup> [EDF Economics Discussion Paper Servies – EDF EDP 21-04 'Pricing Methane Emissions from Oil and Gas Production' May 2021](#)

## Appendix 4: Venture engagement and reasonable efforts for U.S. dispersed operations

(Version 5, written September 2024)

This section deals with additional issues specific to the non-operated assets within the L48. Non-operated assets in the U.S. are generally different from the incorporated, joint-venture assets such as typically found in offshore or other global situations. It is common for operators in L48 to operate wells or similar assets in which other operators or non-operated entities (such as family trusts) have working interest. These non-operated U.S. assets are typically referred to as operated-by-others (OBO) assets where the company simply has working interest in wells operated by others (OBO partners) but limited, if any, influence in their operations. The operating company operates the wells in the OBO assets no different from all the other wells that it operates. These assets can be large or small; sometimes involving only a few wells. Some of the OBO partners operating these assets are extremely small operators – operating only tens or dozens of wells with very little production.

The OBO assets can be very convoluted often involving several dozens of partners, each with fractional shares or micro investments of working interest, that can change during the course of a year. The OBO could also involve backing from a venture investment company while being operated by a separate operating entity. Thus, there are several steps in identifying venture engagement and reasonable efforts for these types of operations. First is the identification of the OBO assets and their materiality from a working interest perspective. Second is identifying materiality from an emissions perspective in order to prioritize the OBO assets based on their emissions. Finally, is the identification of reasonable efforts depending on the working interest, emissions, and the size of the operator.

The process outlined in this document is intended to prioritize more impactful methane measurement and mitigation efforts among non-operated assets. Given the large number of OBO assets for each operator, measurement and mitigation efforts are best targeted to the OBO operators having the largest emissions to maximize the impact of any measurements. As an example, if an OBO operator contributes to 0.5% of total company emissions any methane measurement or mitigation efforts are not going to have a significant impact on the company emissions profile.

### Regulatory Changes in the U.S.

Significant changes are forthcoming in the U.S. in 2024 in the form of three regulations involving methane emissions mitigation and reporting:

- New Source Performance Standards (NSPS) 0000b and 0000c Emission Guidelines were finalized in March 2024 and will be effective in May 2024. These regulations mandate mitigation of sources constructed or modified after December 2022. They also require that states finalize regulations to reduce methane emissions by individual states by early 2029 for sources that existed prior to December 2022. These regulations also include a Super Emitter program wherein third parties (once approved by EPA) are allowed to monitor emissions and report them to EPA if they are found to exceed 100 kg/hr. After a review, EPA is to notify operators of these “super-emitters” and provide EPA with a report on their mitigation.
- Methane emissions reporting regulations (Subpart W) are likely to be finalized in May 2024 to be effective on January 1, 2025. These regulations require the reporting of methane emissions based on empirical and measured data in lieu of generic EPA-prescribed emission factors. This will likely make emissions reported pursuant to the new regulations consistent with Level 4 of OGMP reporting.
- Methane waste emission charge regulations will be finalized over the next few months. These regulations require that a waste emission charge (\$900 per tonne of methane to increase to \$1500 per tonne over a few years) be paid based on emissions calculated as required by the Subpart W regulations. The first methane charge is to be paid in 2025 for 2024 emissions. This methane charge is due for all methane emissions exceeding a certain threshold.

In addition to these regulations some states already have regulations to mitigate methane emissions. These regulations will result in 1) more accurate estimate of emissions, and 2) a significant downtrend in actual emissions. These regulations would apply to both operators who are OGMP members and others who are not. Thus, regardless of the OGMP members’ reasonable efforts, the federal regulations will have a very significant impact on emissions. Thus, even when non-member OBO operators contribute little to total member company emissions and are not susceptible to company influence, federal regulations will result in mitigation of their emissions. As mentioned before, Subpart W requirements will generally mean that most US operators are reporting at OGMP Level 4. In addition, the EPA third-party super emitter program will also provide a certain measure of top-down emissions check.

### **Identifying OBO partners**

Many member companies can have financial interest in wells in a U.S. geological basin operated by dozens or hundreds of OBO partners. Depending on the number of the OBO partners, these relationships are simply managed by the Land or Operations teams within each asset. Occasionally, when the number of OBO partners is very large, there may be a separate group in a

basin that deals specifically with OBO partners. But these OBO assets don't operate as a separate venture. Hence the venture-specific steps discussed earlier in this document are likely not going to be applicable to the U.S. OBO assets.

While the list of OBO partners and production for the prior year can be obtained, the calculation of working interest can be complex. An operator can have a different working interest in each of the wells in the OBO asset. Hence, calculation of working interest may be an arithmetic average across the wells operated by a single OBO company, or it may be production-weighted average for each well in the OBO asset.

Once the exhaustive list of OBO partners, production and the working interest is created, the next step is calculating the working interest for the asset of each OBO partner.

### **Calculating working interest and identifying material partners**

In the U.S., there are publicly available databases such as the [EPA website \(Facility Level Information on Greenhouse gases Tool \(FLIGHT\)\)](#) where information about production and emissions is typically available for the larger producers. Although not comprehensive, there are specific federal and state databases, where production information is available. In addition, there are private databases (subscription needed) where production information is available such as those maintained by Enverus or HIS. This information is often available only at the basin level and not on a well-by-well granularity.

Following are examples of how the working interest materiality can be calculated for each OBO partner. Working interest may be calculated in a variety of approaches based on data available and nature of partnership. It is also typically calculated based on contracts in place as of December 31 of the reporting year. One way of identifying working interest for each partner is by calculating a production-weighted interest for the relevant wells. Once the working interest for the OBO partners based on the shared wells is identified, a working interest taking into account the entire basin production for the OBO partner can be calculated for materiality decisions.

For L48-type assets a common situation is where:

- An OGMP Operator ABC operates 500 wells in a basin with 100 BOE production.
- A non-member Operator XYZ operates 400 wells in the same basin with 80 BOE production.
- Of these 400 wells operated by non-member Operator XYZ, OGMP Operator ABC has interest in 20 wells. These wells together produce about 10 BOE.
- The combined working interest for OGMP Operator ABC in these 20 wells producing 10 BOE is about 25%.

- Thus, the working interest for OGMP Operator ABC in the 20 wells operated by Operator XYZ on a production basis can be calculated as follows:
  - OGMP Operator ABC has a 25% interest in 10 BOE production out of a total of 80 BOE production for the 20 wells operated by non-member Operator XYZ;
  - Thus, OGMP Operator ABC's working interest in Operator XYZ is calculated as 25% of 10/80 or 25% of

12.5%, i.e., 3.25% working interest.

- It is important to calculate the working interest in this fashion because non-member Operator XYZ is not going to operate the 20 wells any differently than the other wells (total of 400 wells) that Operator XYZ operates in the basin.
- The production information is publicly available and one option is to get that information from the EPA GHG reports since that is consistent with the reported emissions information. Else, it may be obtained from other publicly available databases.

Once the list of OBO partners with a working interest greater than 5% is identified the next step is the estimation of emissions analysis.

Similar in principle to the one outlined above, an alternative approach to evaluating OBO materiality may be assessed via the following staged approach:

- Where available, the OGMP Member Company's Land Data Management group (or equivalent) compiles a list of current non-operated equity share working interest wells, grouped by Basin(s). This worksheet will include all OBO wells and the Company's average percent working interest multiplied by annual production to estimate "Company-owned production" for every OBO partner. Oil and gas production totals are normalized to BOE.
- The list is sorted by Well Operator name and filtered out those OBO wells that are operated by OGMP partners.
- Next, the Company considers the fractional Company-owned production against the OBO partner's total basin production using a comprehensive database, such as Enverus or his or EPA GHG, to estimate materiality of the Company's working interest production. Alternate sources to estimate total BOE production may include state oil and gas databases where production data is available.
- Finally, the Company-owned production is divided by the OBO partner's total basin production (as estimated or determined above) and then multiplied by the percent Company working interest to arrive at the materiality of production.

Once identified, the non-operated assets where the working interest exceeds 5% are flagged for emission materiality.

### **Materiality from an emissions perspective**

The U.S. EPA requires the reporting of methane and other GHG emissions annually by March 31 for the prior year. This requirement is valid for any operator with total CO<sub>2</sub>e emissions exceeding 25,000 tonnes in a geological basin as defined in the regulations. Several hundred operators reported their emissions to EPA in the two most common segments for producers – Onshore Production and Onshore Gathering and Boosting. However, this number does exclude a large number of the smaller operators whose operated production does not exceed the 25,000 tonnes of CO<sub>2</sub>e emissions in a geological basin. A company may find that a significant number of their OBO partners are the smaller operators that are not required to report emissions to EPA. This makes any estimation of the materiality of those non-reported emissions extremely difficult.

For companies with emissions exceeding the 25,000 tonnes CO<sub>2</sub>e threshold, the emissions are generally publicly available on the [EPA website \(Facility Level Information on GreenHouse gases Tool \(FLIGHT\)\)](#). Emissions are reported to EPA in March for the previous year (e.g., 2022 emissions are reported by the operators to EPA in March 2023). After completing a review and assurance of the reported emissions over the subsequent few months (generally by August), EPA posts the emissions on the EPA website by October. Thus, these emissions data are publicly available one year in arrears. An operator may contact its OBO partners after March 31 and ask them to provide emissions reported to EPA (typically considered to be OGMP Level 3 reporting level). However, operators that provide reports to EPA are generally reluctant to provide this information until the EPA has completed its review and assurance of the reported emission. Therefore, the emissions analysis will often be completed on the basis of emissions a year in arrears.

In the case of smaller operators who fall below the EPA reporting threshold, it is unlikely that the OBO partners would have performed an emission estimate that can be reported back to the OGMP member company. In this case, a reasonable assumption would be for the OGMP member to estimate emissions as assumed to be proportional to their operated production in the basin or can be assumed to be equivalent to the relative average emission intensity for the basin for methane emissions.

The final step is to identify the material assets, i.e., assets for partners whose emissions exceed 95% of methane emissions for the company consistent with the materiality considerations.

### **Reasonable Endeavors for L48 non-operated OBO partners**

Given that the number of OBO partners can be very significant, change frequently, and the relatively limited influence on the operation of many of these assets, reasonable efforts will be different depending upon

1. which partner assets are material from working interest perspective (> 5%), and are material from an emissions perspective (95%) ,
2. whether or not they are current OGMP 2.0 members.

Since the OGMP members are expected to report emissions for their operated assets directly to UNEP, the following process focuses on the OBO partners who are not members of the OGMP program. Figure 1 attempts to describe the various levels of OBO partnership.

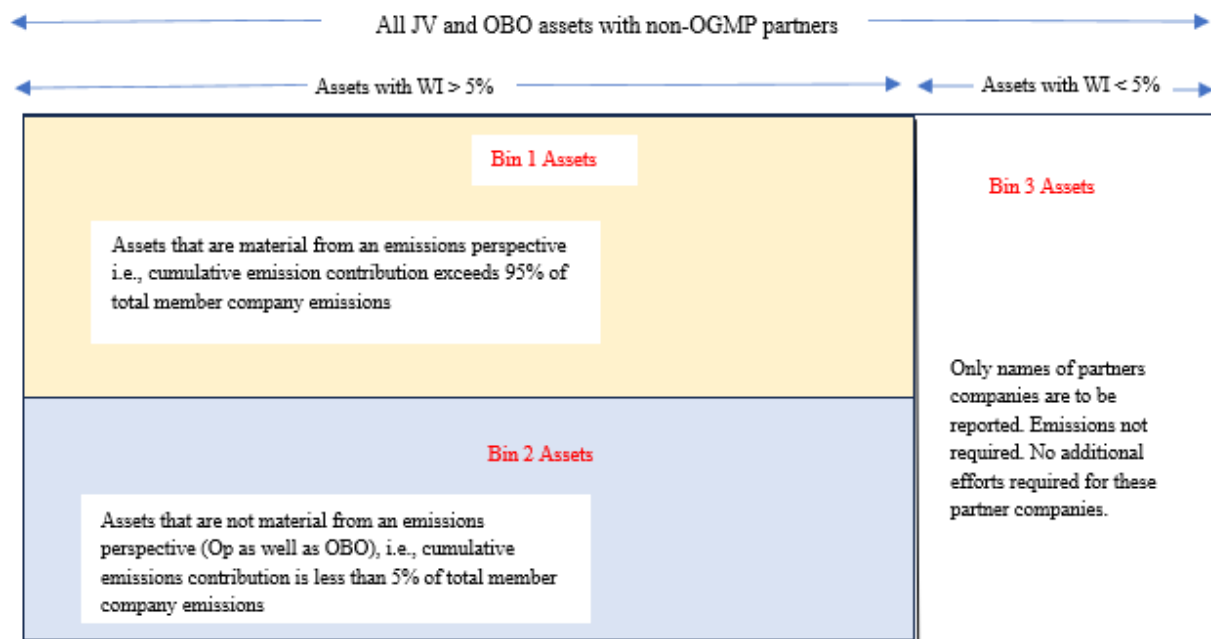


Figure 1: Levels of OBO partnership based on Working Interest (WI) and emissions

For assets that have WI > 5%, are material from an emissions perspective (i.e., Bin 1 Assets in Figure 1) following are some potential options:

1. Establish email contact with OBO partners that are material from a working interest (> 5%) and emissions perspective (95%), if possible.
2. Establish an environmental or operational contact, if possible

3. Ask them for their current year emissions as reported to EPA. As discussed earlier, the company will have to use the publicly available information if the OBO partners are not willing to provide the current year information. Once an environmental or operational contact is established, offer to talk directly to the operator about the benefits of joining the OGMP program and about the approaches to conducting source level and site level measurements
4. Have bilateral engagements with the operator (email, phone call) or potentially consider hosting an OGMP workshop for OBO partners. A workshop may not be practical if the number of OBO partners is limited or if there is little appetite for such a workshop.
5. Provide them with practical guidance to evaluate OGMP, if there is interest.
6. When any of the non-OGMP partners do join OGMP, provide them with guidance to successfully implement OGMP at their assets.
7. Offer technical guidance to any OBO partners willing to do the measurements.

For assets that have WI > 5% but are not material from an emissions perspective (Bin 2 assets in Figure 1) use the best publicly available emissions information for these assets.

For assets that have WI < 5%, these assets only need to be listed on the reporting template. Emissions information is not necessary for these assets. No additional efforts are necessary for these partners.

## Appendix 5: FAQ on venture engagement

### 1. Does this guidance apply to all joint ventures?

This guidance applies to all operated and non-operated ventures that are considered material based on the definition of materiality included in section 4.5 of the Framework.

### 2. Must an OGMP 2.0 member complete all the efforts listed in this document?

No. This guidance provides examples of efforts that an OGMP 2.0 member could use to influence and align with venture operators, partners and management teams. The OGMP 2.0 member's implementation plan, which is a forward-looking document, is expected to outline a strategy for engaging with each material venture to enable methane reporting. The annual report is expected to include a description of annual venture by venture efforts with the possibility to submit a supplemental document detailing effort, especially in cases of lack of progress in reporting. Which efforts are used with a specific venture will depend on factors such as the nature and size of the operations, its methane emissions materiality within the OGMP 2.0 member's portfolio, and whether the operator is in turn an OGMP 2.0 member, the OGMP 2.0 member's economic or equity interest in the venture, and the nature of their working relationship. The OGMP 2.0 member is expected to apply their best judgement in determining which efforts are most relevant and valuable with respect to a specific venture.

### 3. Is an OGMP 2.0 member expected to engage with all material ventures in their portfolio every year?

While some effort is expected to be expended annually towards every venture in their portfolio and escalate efforts if needed until such venture reaches Gold Standard reporting, or the operator becomes an OGMP 2.0 member, OGMP 2.0 members might prioritize efforts that will have the greatest impact with respect to the member's methane emissions reporting objectives. In addition, progress should be shown in the level of engagement, escalation, and type of efforts within the required timeline of 5 years. For example, an OGMP 2.0 member should not host a workshop for the same operators every year because that does not show any progression. No engagement with a venture for the entire relevant period is not consistent with the Framework.

### 4. Should NOVs have performance targets?

While not mandatory, setting targets for NOVs is certainly encouraged, and efforts should be made to secure such targets.

### 5. What if an asset has different materiality thresholds for 2 OGMP 2.0 members where one is an operator and the other a non-operating partner?

UNEP's guidance is that in such cases, the operator has primacy under OGMP 2.0. In the case where an asset is non-material for the operator but material for the non-operating partner, the operator's position on materiality will take primacy. The non-operating partner would note this explanation in their reasonable endeavours.

**6. What are the risks of not reporting methane emissions data at the required level by the end of the 5-year period for an operated or non-operated venture?**

If, despite reasonable and demonstrable efforts to work with a venture, an OGMP 2.0 member is unable to or prohibited from reporting venture methane emissions data to UNEP, or an NOV does not take steps to advance its methane emissions data reporting to the required level, then the inability to secure the required level of reported methane emissions data shall not affect the Gold Standard status of the OGMP 2.0 member. In this situation, the OGMP 2.0 member is expected to have reported what efforts were taken towards removing restrictions on reporting and improving its methane reporting quality, and any additional information, explanations or documentation that may help UNEP in its review. These efforts are expected to be reported to UNEP in the OGMP 2.0 member's annual report and/or as part of a supplemental document detailing efforts undertaken especially when no incremental progress is demonstrated in the annual report with barriers to progress being escalated to UNEP in a timely manner, where appropriate. Should an OGMP 2.0 member continue to engage with a venture after the end of the Gold Standard timelines?

Yes. The Gold Standard implies continuous improvement in methane emissions data reporting. For that reason, it is expected that an OGMP 2.0 member will continue to work with its ventures to report methane emissions data at the required level after the end of the 5 years period.

**7. How should an OGMP 2.0 member report its efforts to secure venture methane data for reporting?**

The annual report and/or supplemental documentation should be used to report the progress of efforts towards securing methane data for reporting to UNEP and supporting ventures in advancing to the required reporting level of methane emissions data. The details can be found in Section 4 of this guidance.

**8. What additional information should an OGMP 2.0 member consider providing to UNEP?**

OGMP 2.0 members may use their discretion to decide what additional information, if any, should be submitted to UNEP to provide additional insight and details of the member's engagement with certain ventures. UNEP reserves the right to request additional information and explanations related to the demonstrable efforts of the OGMP 2.0 members.

**9. Does an OGMP 2.0 member need to repeat its efforts if the Operator has declined to report its methane emissions or take steps to advance its methane emissions data reporting to the required level?**

Yes. Members are expected to continue to engage with Operators to remove restrictions on reporting and improve venture methane reporting. It is important to understand what is driving the Operator's stance towards methane emissions data reporting or OGMP 2.0 membership at the given moment, and the OGMP 2.0 member is expected to evaluate their engagement strategy and identify areas for improvement. For example, an OGMP 2.0 member may step up its engagement with an Operator by involving a more senior member of the company's executive team. Changes in the venture ownership group or the regulatory environment may make the Operator more amicable to methane emissions data reporting or OGMP 2.0 membership in future years.

OGMP 2.0 members are encouraged to consult with UNEP and the other non-company members of OGMP 2.0 to escalate the matter with the host government or other stakeholders (see Section 5 of this guidance).

**10. May an OGMP 2.0 member coordinate with other OGMP 2.0 members who share an interest in a venture?**

Yes, this is strongly encouraged. Coordinating with other OGMP 2.0 members can be a very powerful approach to influencing a venture and may also be appreciated by the Operator or management team. Coordinated efforts may be included in each OGMP 2.0 member's reporting, provided that each OGMP 2.0 member was actively involved in the efforts.

**11. How do new projects or acquisitions fit into an OGMP 2.0 member's engagement efforts?**

In the case of a new venture, acquisition of an economic or equity stake in an existing venture, or the reclassification of a venture as material, the OGMP 2.0 member will have the same Gold Standard timelines – beginning in the year of first reporting – to reach the Gold Standard with respect to those ventures as a new company joining OGMP 2.0. While not required, OGMP 2.0 members are encouraged to use the leverage they have when structuring a new project or acquisition to negotiate for contractual provisions and operating covenants to enable methane management and emissions data reporting at the required level and/or the operator joining OGMP2.0.

**12. For US based members with JVs or assets 'Operated by Others' or OBO's is there any additional guidance?**

US based OGMP members have developed additional supporting documentation for US dispersed assets or OBOs. This includes guidance on calculating a working interest and identifying material partners to prioritise engagement and is attached as appendix 4.



## Supplementary Material

### OGMP 2.0 relevant content

1. Latest OGMP 2.0 Implementation Plan Template for guidance on the information that is to be included on ventures

### External resources (not exclusive)

2. [MGP: Joint Venture Playbook including:](#)
  - a. [Appendix I: Model Greenhouse Gases Board Resolution to Manage and Reduce Emissions in Joint Ventures](#)
  - b. [Appendix II: Model Greenhouse Gases Committee Charter for Oil and Gas Joint Ventures](#)
  - c. [Appendix III: Model Greenhouse Gases Contract Clauses to Manage and Reduce Emissions in Joint Ventures](#)