Energy & Transport

OILCHANGE INTERNATIONAL

Zero Carbon Analytics

Briefing · November 2024

Empty Promises: Oil & Gas Decarbonization Charter masks massive fossil fuel expansion

Key points:

- At COP28 in December 2023, 50 oil and gas companies launched the 'Oil & Gas Decarbonization Charter', making a series of pledges to "contribute to supporting the aims of the Paris Agreement."
- In 2024, the Charter's member companies approved 68 new oil and gas fields and field expansions containing 14 billion barrels of oil equivalent (BOE) of oil and gas, which – when extracted and burned – will cause nearly 5 billion metric tonnes of carbon dioxide (CO_2) pollution.
- Ten companies are responsible for over 90 percent of the newly approved reserves, led by the Abu Dhabi National Oil Company (ADNOC), Saudi Aramco, Petrobras, TotalEnergies, and Shell.
- These new projects represent a total commitment of almost USD 250 billion in new oil and gas expenditure, made up of USD 87 billion in capital investment and USD 159 billion in operating costs.
- Charter member companies are projected to increase oil and gas production by 17 percent by 2030.
- There is a clear scientific consensus that there can be no new oil and gas extraction beyond already developed fields if the Paris Agreement's temperature goals are to be met.
- To align with the International Energy Agency (IEA)'s 1.5°C-aligned energy pathway, global oil and gas production must decline by close to 20 percent by 2030, and by 45 percent by 2035.

Overview

In December 2023, at the United Nations Climate Change Conference (COP28) in Dubai, all countries agreed for the first time to transition away from fossil fuels in energy systems.[1] Just days before, 50 oil and gas companies launched the "Oil & Gas Decarbonization Charter" (the Charter), attempting to frame themselves as part of the energy transition.[2]

[1] United Nations Framework Convention on Climate Change (UNFCCC), Report of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement on its fifth session, held in the United Arab Emirates from 30 November to 13 December 2023, Decision 1/CMA.5, Outcome of the first global stocktake, FCCC/PA/CMA/2023/16/Add.1, para 28(d).
[2] COP28 UAE, Press Release: Oil & Gas Decarbonization Charter launched to accelerate climate action, Dubai, December 2, 2023.

The Charter is a voluntary pledge that focuses primarily on reducing greenhouse gas emissions from companies' upstream operations.[3] The Charter ignores the vast majority of member companies' climate impact, which occurs from the burning of the oil and gas they produce, typically accounting for 80 to 95 percent of emissions from the oil and gas industry.[4]

As such, independent analysis found that the Charter falls "short of what is needed to reach the Paris Agreement goals," and could enable levels of fossil fuel production incompatible with climate goals.[5] The Charter is highly controversial, with over 300 civil society organizations signing an open letter describing it as "a dangerous distraction."[6] Fifty-four oil and gas producing companies have now signed on, including the Azerbaijani national oil and gas company, SOCAR.[7]

This factsheet provides a summary of the new oil and fossil gas extraction projects approved by the Charter's member companies in 2024 *(see Methodology)*.

For a livable future, no new fossil fuels

There is a clear scientific consensus that the objectives of the Paris Agreement leave no room for new oil, gas, or coal extraction beyond already developed fields and mines.[8] Peer-reviewed research shows burning just the oil, gas, and coal in existing fields and mines could warm the world beyond 2 degrees Celsius (°C), let alone 1.5°C.[9] The majority of fossil fuels in active fields and mines must stay in the ground to stay within a 1.5°C carbon budget.[10]

As the IEA has found, "Companies aligned with [the IEA's 1.5°C scenario] would not invest in new exploration or approve new projects."[11] The first step to transition away from fossil fuels – an aim countries agreed at the 2023 UN Climate Change Conference – is to stop extracting more.

[3] Oil & Gas Decarbonization Charter, "OGDC Charter: Decarbonizing the global oil and gas sector at speed and scale", & "Oil and Gas Decarbonization Charter",
[4] Zero Carbon Analytics, "COP28: Assessment of the Oil and Gas Decarbonization Charter," December 4, 2023.
[5] Zero Carbon Analytics, 2023.
[6] Fiona Harvey, "Oil and gas firms must convert to renewables or face decline, says IEA chief," The Guardian, December 2, 2023.
[7] OGDC: The Oil & Gas Decarbonization Charter, "Signatories," last accessed November 4, 2024, .
[8] IEA, "Net Zero Roadmap: A Global Pathway to Keep the 1.5 °C Goal in Reach, 2023 Update" September 2023, p. 76; United Nations Environment Programme, Emissions Gap Report 2023: Broken Record – Temperatures hit new highs, yet world fails to cut emissions (again), Nairobi, 2023,, pp. 34-35; Fergus Green, Olivier Bois von Kursk, Greg Muttitt, and Steve Pye, "No new fossil fuel projects: The norm we need" Science, May 30, 2024, 384:6699.
[9] Kelly Trout et al, "Existing fossil fuel extraction would warm the world beyond 1.5°C" Environmental Research Letters 17:6, 2022; Kelly Trout, "Sky's Limit Data Update: Shut Down 60% of Existing Fossil Fuel Extraction to Keep 1.5°C in Reach," Oil Change International, August 2023.
[10] Kelly Trout, "Sky's Limit Data Update: Shut Down 60% of Existing Fossil Fuel Extraction to Keep 1.5°C in Reach" Oil Change International, August 2023.
[11] IEA, "The Oil and Gas Industry in Net Zero Transitions" November 2023, p. 149.

New oil and gas approved by Charter companies in 2024 could result in 5 billion tonnes of CO_2 pollution

Despite their claims, Charter member companies have continued to approve new oil and gas extraction throughout 2024. They participated in final investment decisions to:

- **approve 68 new oil and gas fields or field expansions** between January and September 2024;
- amounting to **14 billion barrels of oil equivalent (BOE) of new oil and gas reserves approved for extraction** *(see Table 1)*.

Burning all the oil and gas in these newly approved fields would release nearly 5 billion metric tonnes of carbon-dioxide (CO_2) pollution – roughly equal to the United States' total carbon emissions for an entire year.[12]

Table 1: Committed carbon pollution from oil and gas fields approved by Charter companies in 2024

	Reserves in new fields approved for extraction	Carbon pollution from burning oil and gas reserves
	Billion barrels of oil equivalent (BOE)	Billion tonnes CO_2
Oil	6.74	2.60
Gas	7.26	2.38
Total	**14.00**	**4.98**

Source: Oil Change International analysis based on data from Rystad Energy (October 2024).[13] Data covers approvals from January through September 2024.

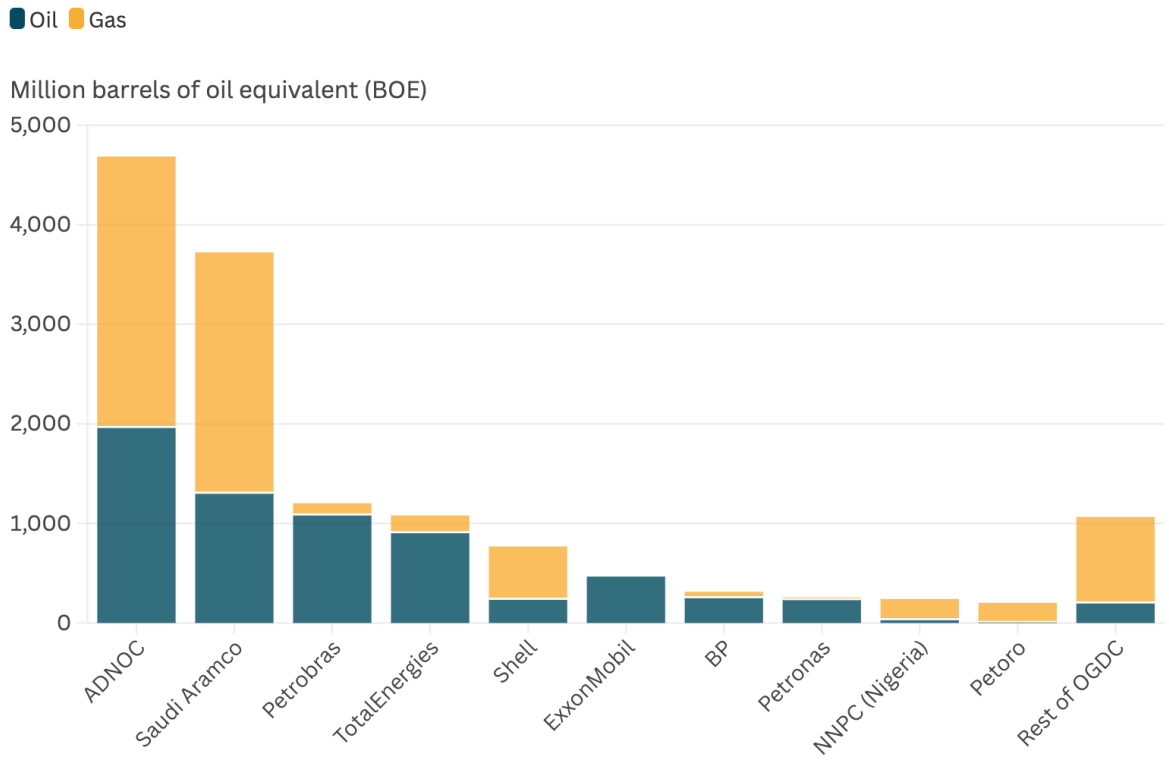
Charter companies are disproportionately responsible for approving new oil and gas extraction, highlighting the hollowness of their voluntary pledge. Despite accounting for less than 40 percent of global oil and gas production, they account for 65 percent of all new oil and gas reserves approved in 2024.[14]

Ten companies are responsible for over 90 percent of new reserves approved by Charter members in 2024

This surge in oil and gas expansion is being driven by a subset of Charter member companies. Just ten Charter companies account for over 90 percent of the new reserves approved by its 54 members from January to September 2024, as shown in Figure 1.[15]

[12] U.S. Environmental Protection Agency, "Climate Change Indicators: U.S. Greenhouse Gas Emissions" accessed October 29, 2024.
[13] We apply the following CO_2 emissions factors to estimated oil and gas reserves volumes: 0.421 tonne (t) CO_2/barrel (bbl) of oil and condensate, 0.235 tCO_2/bbl of natural gas liquids, and 54.7 tCO_2/million cubic feet of gas.
[14] Rystad Energy indicates Charter companies accounted for 38 percent of global oil and gas production (43 percent of oil; 31 percent of gas) in 2023.
[15] The COP29 host Azerbaijan's nationally owned oil company SOCAR is not listed as it has not yet approved new extraction projects to date in 2024. But Rystad Energy tracks that the company has 11 new fields or field expansion projects in its pipeline for approval before 2030.

Figure 1: Charter companies driving the most oil and gas expansion in 2024



Source: Oil Change International calculations using data from Rystad Energy (October 2024). Data covers approvals from January through September 2024.

Charter companies are on track to invest hundreds of billions in new oil and gas

Charter companies have pledged to "Invest in the energy system of the future," such as renewables.[16] However, the new fields approved from January through September 2024 alone **represent a commitment of almost USD 250 billion[17] in new oil and gas expenditure**:

- Charter companies are projected to invest USD 87 billion of capital expenditure ('capex') into developing new oil and gas fields approved so far in 2024 over their lifetimes; and
- The cumulative operating costs associated with these new fields could total USD 159 billion over the course of their lifetimes.

In total, **Charter companies are forecast to invest USD 728 billion of capex in developing and exploring for new oil and gas fields from 2024 through 2035**, including new projects approved in 2024 plus new fields they are projected to approve in coming years, if there is no change in their current course.

[16] OGDC: The Oil & Gas Decarbonization Charter, "Commitments". This reference to renewable energy sits alongside a number of things that have been heavily criticized as prolonging the fossil fuel economy and delaying the energy transition: "low-carbon fuels, carbon capture and sequestration (CCS), low-carbon hydrogen, etc."
[17] All USD figures in real 2024 $.

Charter companies are projected to increase production by 17 percent by 2030

The Charter's 54 member companies are on track to drive climate disaster. Charter companies are forecast to cumulatively produce 17 percent more oil and gas by 2030 than in 2023, and their production is predicted to stay above 2023 levels until the late 2030s.

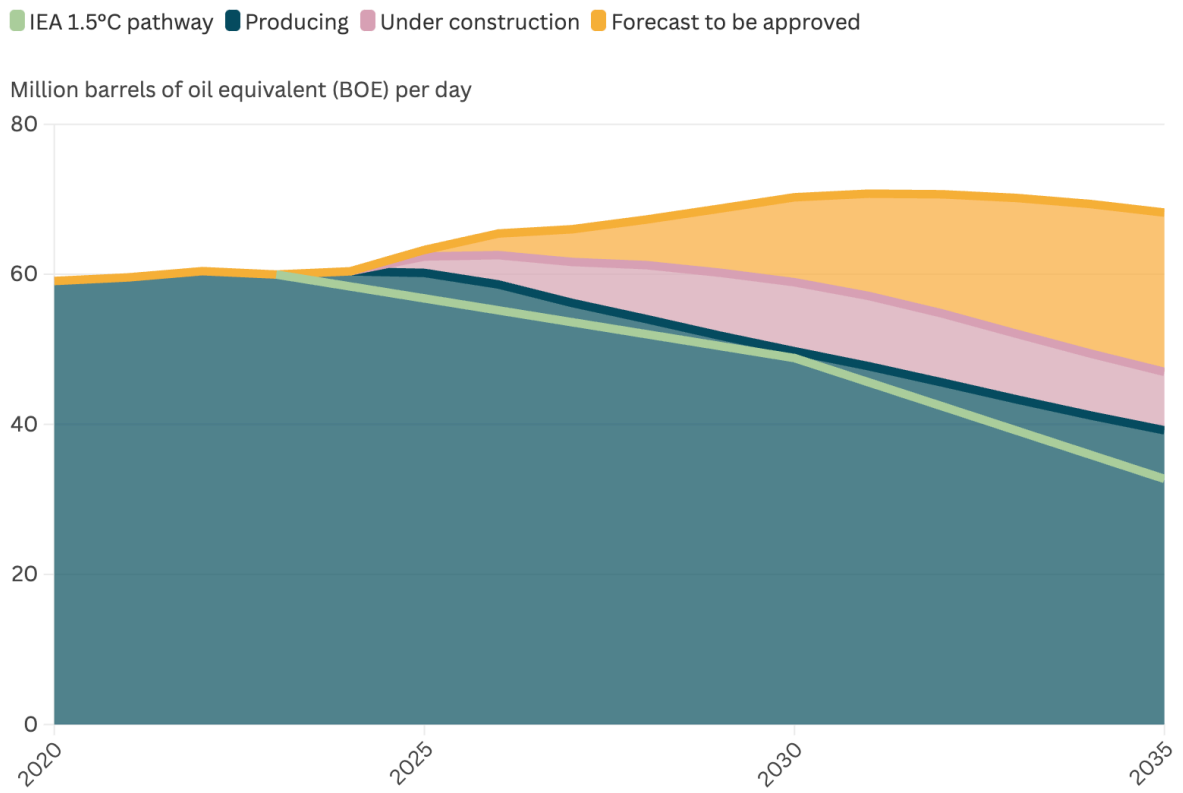
In contrast, the IEA shows global oil and gas production must decline rapidly under its 1.5°C-aligned Net Zero Emissions pathway – by close to 20 percent by 2030, and by 45 percent by 2035.[18]

To align with the 1.5°C energy pathway, Charter companies would need to:

- cease approving all new fields and fracking wells;
- stop all projects currently under construction; and
- shut down some already-producing projects.[19]

This is shown in Figure 2.[20]

Figure 2: Charter companies' projected oil and gas production vs IEA 1.5°C scenario



Source: Oil Change International analysis based on data from Rystad Energy (October 2024) and IEA.

[18] IEA, World Energy Outlook 2024, 2024, Annex A: Table A.1c.
[19] In theory, companies could shut down an equivalent portion of already producing projects to compensate for bringing new fields online, but no company has made such a commitment.
[20] We index OGDC companies' 2023 production to the global decline rate for oil and gas supply to 2030 and 2035 under the IEA's Net Zero Emissions scenario using: "Annex A: Table A.1c," in World Energy Outlook 2024.

Conclusion

The first step to transition away from fossil fuels is to stop approving new production. Yet Oil & Gas Decarbonization Charter member companies' voluntary pledges mask an oil and gas expansion spree that threatens to further drive the climate crisis and harm communities around the world.

Instead of focusing only on their operational and energy supply emissions (Scope 1 and 2 emissions), these companies must cut the emissions from the burning of the oil and gas they produce (Scope 3) in accordance with 1.5°C-aligned pathways. This requires an immediate end to expansion and a rapid phaseout of all fossil fuel production, with some fields closed early, alongside just transition measures to protect workers and communities.

The majority of Charter signatories are nationally owned oil and gas companies. Under the Paris Agreement, the countries that own these companies must submit new nationally determined contributions (NDCs) in early 2025. To be 1.5°C-aligned, all NDCs must immediately end new fossil fuel extraction and include a plan to phase out fossil fuels. Global North countries – including those with nationally-owned oil and gas companies and those where international oil and gas companies are based – must act first and fastest, in line with equity and common but differentiated responsibilities. The Charter does nothing to address this imperative.

Methodology

Data findings on Charter companies' oil and gas expansion and projected production and investment are based on Oil Change International analysis of data from the Rystad Energy UCube (October 2024 version). Expansion attributed to Charter companies reflects their ownership stakes in newly approved projects. We include reserves and production volumes that companies owe to governments through royalties or production sharing contracts to represent the full climate impact of their activities.

This factsheet was written by David Tong based on research by Kelly Trout with contributions from Al Johnson-Kurts. All are with Oil Change International. Additional contributions provided by Zero Carbon Analytics.

For more information, contact: David Tong at Oil Change International, david.tong@oilchange.org.

November 2024

Oil Change International is a research, communications, and advocacy organization focused on exposing the true costs of fossil fuels and facilitating the ongoing transition to clean energy.

Oil Change International
714 G Street SE, Washington, DC 20003 USA
www.oilchange.org

Zero Carbon Analytics is an international research group providing insights and analysis about climate change and the energy transition.
https://zerocarbon-analytics.org