



**Economic and Social
Council**

Distr.
GENERAL

ECE/ENERGY/GE.3/2008/2
30 June 2008

Original: ENGLISH

ECONOMIC COMMISSION FOR EUROPE

COMMITTEE ON SUSTAINABLE ENERGY

Ad Hoc Group of Experts on Harmonization of
Fossil Energy and Mineral Resources Terminology

**REPORT OF THE AD HOC GROUP OF EXPERTS
ON HARMONIZATION OF FOSSIL ENERGY AND
MINERAL RESOURCES TERMINOLOGY ON ITS FIFTH SESSION
Geneva, 15-16 April 2008**

I. INTRODUCTION

1. The fifth session of the Ad Hoc Group of Experts on Harmonization of Fossil Energy and Mineral Resources Terminology was held in accordance with its Terms of Reference, the decisions taken at its fourth session and the directive of the sixteenth session of the Committee on Sustainable Energy (ECE/ENERGY/76, para. 25).
2. In his welcoming remarks, the Director of the Sustainable Energy Division noted that although the United Nations Framework Classification for Fossil Energy and Mineral Resources (UNFC) can be adopted directly or adapted as has been done in a number of countries, there is growing consensus that it can also have value as an overarching system to which others systems can map against. Such use could have great value in the marketplace by meeting the needs for a common global terminology, while also continuing to recognize widely-used reserve/resource reporting standards developed for specific needs.
3. In reviewing the Group of Expert's programme of work for 2008, the Director observed that the Group had agreed to build on the success of the mapping exercise by authorizing the Bureau to conduct due process in seeking input on the mapping of the UNFC to other codes, and to act on the views received on revising the 2004 UNFC. He noted that the Bureau had commenced work on a potential revision of the UNFC, including enlisting the input of four individual members of the Ad Hoc Group of Experts to assist with this task. The opening

remarks of the Director are available on the UNECE website at:
<http://www.unece.org/ie/se/docs/spf5.html>.

4. This report provides a succinct summary of the decisions reached on the work of the Ad Hoc Group of Experts at its fifth session relating to the UNFC. Readers are encouraged to supplement the information contained in the report by referring to the documents and presentations of the fifth session for background information. All documents are available on the UNECE website at: <http://unece.org/ie/se/reserves.html>.

II. ATTENDANCE

5. The meeting was attended by representatives of the following UNECE member countries: Austria, Canada, Croatia, Germany, Hungary, Norway, Poland, Romania, Russian Federation, Serbia, Switzerland, Ukraine, United Kingdom of Great Britain and Northern Ireland, and United States of America.

6. Representatives of Australia and China attended under Article 11 of the Commission's Terms of Reference.

7. The following international organizations were represented: International Atomic Energy Agency (also representing the Organization for Economic Cooperation and Development (OECD)/Nuclear Energy Agency (NEA)), International Energy Agency and Organization of the Petroleum Exporting Countries (OPEC).

8. Representatives of the following non-governmental organizations also attended: American Association of Petroleum Geologists (AAPG); Committee for Mineral Reserves International Reporting Standards (CRIRSCO); European Federation of Geologists (EFG); International Accounting Standards Board (IASB), Society of Petroleum Engineers (SPE), Society of Petroleum Evaluation Engineers (SPEE); and World Energy Council (WEC).

III. ADOPTION OF THE AGENDA (AGENDA ITEM 1)

9. The provisional agenda was adopted without amendment.

IV. ELECTION OF OFFICERS/BUREAU OF THE MEETING (AGENDA ITEM 2)

10. The meeting unanimously elected Mr. D Elliott (Canada) to join the Bureau. The Bureau consists of: Mr. S. Heiberg (Norway) as Chairperson; and Mr. T. Ahlbrandt (United States of America); Mr. F. Birol (IEA), Mr. F. Camisani-Calzolari (CRIRSCO), Mr. D. Elliott (Canada), Mr. M. Hamel (OPEC Secretariat), Ms. D Hinkle (SPE), Mr. Y. Podturkin (Russian Federation), and Mr. A. Subelj (Slovenia) as Vice Chairpersons for the approved term of the Ad Hoc Group of Experts i.e. to end-2009.

V. ACTIVITIES AND PRIORITIES OF THE COMMITTEE ON SUSTAINABLE ENERGY AND MATTERS FOR CONSIDERATION BY THE AD HOC GROUP OF EXPERTS (AGENDA ITEM 3)

11. The secretariat briefed the meeting on the outcomes of the sixteenth session of the Committee on Sustainable Energy held in November 2007. Specifically, the secretariat noted that the Committee approved the existing Terms of Reference for the Ad Hoc Group of Experts for another two years through 2009 and also recommended that the Group should meet at least annually to deliver on these terms of reference (ECE/ENERGY/76, para. 25(b)). As required by the Work Plan on ECE Reform (E/ECE/1434/Rev.1), the Executive Committee at its twenty-first meeting on 22 February 2008 approved the renewal of the mandate of the Ad Hoc Group of Experts for two years until the end of 2009. The meeting's attention was also drawn to paragraph 25(g) of ECE/ENERGY/76, "the Committee directed the Ad Hoc Group of Experts to submit any revised UNFC for consideration by the Extended Bureau of the Committee on Sustainable Energy in 2008 in order to facilitate worldwide application of the UNFC."

VI. OPENING REMARKS FROM THE CHAIR (AGENDA ITEM 4)

12. The Chairman opened the meeting by acknowledging the guidance and support of the secretariat. He thanked the Task Force that had mapped the CRIRSCO Template, the Petroleum Resources Management System of SPE, WPC, AAPG and SPEE (SPE PRMS), and the mineral and petroleum classifications of the Russian Federation to the UNFC (the UNFC Mapping Task Force). This Task Force was co-led by the two coordinators of the Petroleum and Solid Minerals Stakeholders of the Ad Hoc Group Experts, with two representatives from CRIRSCO including the Chairman, a representative from SPE, the Managing Director of Ross Petroleum (Scotland) Limited, and a representative each from the Russian Federation and Slovenia, as members. The Chairman then explained the urgency of the work ahead, following which he introduced the items to be addressed at the fifth session.

VII. REPORT OF THE SPECIAL TASK FORCE ON MAPPING OF THE UNFC WITH REGARD TO OTHER PETROLEUM AND MINERALS CLASSIFICATIONS (AGENDA ITEM 5)

13. The Petroleum Co-Leader of the Mapping Task Force presented a summary of the Mapping Report, noting that the Report also incorporates a volume of attachments. The Report, which received unanimous appreciation from the Ad Hoc Group of Experts, serves to usefully reduce a number of the gaps existing between the SPE-PRMS, the CRIRSCO Template, the classifications of the Russian Federation and the UNFC. It was noted that the final version of the Report had only been received on 8 April 2008 and that additional comments on the application to future work might still be forthcoming from members of the Ad Hoc Group of Experts.

VIII. ALIGNMENT OF CLASSIFICATIONS AND POSSIBLE REVISION OF THE UNITED NATIONS FRAMEWORK CLASSIFICATION FOR FOSSIL ENERGY AND MINERAL RESOURCES (AGENDA ITEM 6)

14. As a result of the mapping exercise, the Mapping Task Force recommended that the 2004 UNFC be presented in a simplified and adjusted form, with the aim of facilitating closer, if

not complete, convergence of the classifications. Discussions of the revision of the UNFC showed consensus with respect to producing a simplified, but rigorous version. There was strong support for seeing the Classification in terms of economic and social conditions affecting recovery, the industry value chain and geologic conditions as represented conceptually by the 3-dimensional cube of the UNFC. Strong arguments were also put forward for describing the various possible classes of the UNFC in terms of detailed categories, and not necessarily as 3-dimensional drawings. While reserves and resources are difficult terms to use, as they have different meanings to different people, even in English, it was cautioned that it might be difficult to eliminate them without special efforts due to the widespread expectation that they will remain in the text.

15. It was noted that a Task Force had been established and charged with revising the UNFC and with producing a discussion paper for specifications to be developed. The UNFC Revision Task Force consists of the Bureau of the Ad Hoc Group of Experts, together with the nominated AAPG representative to the Ad Hoc Group of Experts, the Project Leader of the International Accounting Standards Board's Research Project on Extractive Activities, the Managing Director of Ross Petroleum (Scotland) Limited, and the Chairman of CRIRSCO. The meeting was advised that the UNFC Revision Task Force had not had sufficient time between the issuance of the Mapping Task Force Report on 8 April and the start of the fifth session to prepare a well developed proposal identifying potential amendments.

16. A short and a long version of a revised UNFC were presented by the Chairman for discussion at the meeting. Instead of presenting a discussion paper on Specifications, the meeting considered views by members on issues having a bearing on items to be taken into account when writing such a discussion paper. The discussion covered needs of applications pertaining to energy studies, government resource management, business process management and financial reporting, and finally commodity specific issues. The discussions of issues related to financial reporting were assisted by representatives from the Chief Accountant's Office of the United States Securities and Exchange Commission (US SEC) and by the Project Leader of the International Accounting Standards Board's Research Project on Extractive Activities. It was proposed to combine the discussion relating to energy studies with the one relating to government resource management since they are quite similar.

IX. REVIEW OF THE PROGRAMME OF WORK FOR 2008/2009 (AGENDA ITEM 7)

17. It was noted that the programme of work for 2008 as adopted at the Fourth Session was still being implemented and therefore still applicable (ECE/ENERGY/GE.3/2007/2, para. 30). A number of additional items were discussed for inclusion on the work programme (see para. 21 below). Following review, these were accepted and the programme of work for 2008/2009 was agreed.

18. After discussion, the Ad Hoc Group of Experts:

(a) Expressed appreciation for the work undertaken by the Mapping Task Force and by the many members of the Ad Hoc Group of Experts who had contributed to its successful completion;

(b) Considered the provisional Report of the Mapping Task Force, and generally agreed to use it as a basis for revising the UNFC and its specifications and guidelines, subject to comments from members of the Ad Hoc Group of Experts following further review;

(c) Confirmed authorization of the Bureau of the Ad Hoc Group of Experts to act on the views received on revising the 2004 UNFC (item (e) of the programme of work for 2008);

(d) Requested that a proposal for a revised UNFC be submitted to the Extended Bureau of the Committee of Sustainable Energy for consideration as early as possible;

(e) Requested the Bureau to prepare any proposed changes of the UNFC through a due and transparent process, including by posting a draft text on the UNECE website for public comment over a sufficient period of time; further requested that any proposals, comments and/or recommendations to be submitted to the Extended Bureau of the Committee on Sustainable Energy should be published on the UNECE website; and requested the Bureau to define an appropriate timeline, taking into consideration the guidance of the Director of the UNECE Sustainable Energy Division.

(f) Requested the Bureau to prepare a discussion paper on Specifications (secondary rules) based on the Mapping Task Force Report and the discussions at the fifth session, including the discussions on the needs of applications pertaining to energy studies and government resource management, business process management and financial reporting. On this basis, the Bureau was guided to nominate a representative to participate with the SPE ORGC in development of draft specifications for petroleum, as provided in the Memorandum of Understanding of 2006 between the UNECE and the Society of Petroleum Engineers. Draft specifications should be developed concurrently with the revision of the UNFC to ensure compatibility and also posted to the UNECE website for public comment as soon as possible after approval of a revised UNFC.

(g) Acknowledged with appreciation the proposals received to hold events in 2008 and 2009; notably:

(i) proposal from the representative of the Polish Ministry of Environment to hold an International Workshop on “UNFC Theory and Practice” in Poland, 25-26 February 2009, with an optional technical mine visit to be scheduled on 27 February. The event would be organized as part of the International Mining Forum and would also involve the Polish Underground Mining School. The secretariat proposed that the event be held in cooperation with UNECE, but without financial assistance from UNECE.

(ii) offer from the Slovenian Geological Survey, via the Slovenian Vice Chair of the Bureau of the Ad Hoc Group of Experts, to host a UNFC-related event in Ljubljana in 2008 or 2009.

X. OTHER BUSINESS (AGENDA ITEM 8)

A. Case studies

19. Case studies were presented by Germany, Poland, Ukraine, China and the International Atomic Energy Agency.

B. Classification of recipient reservoirs

20. Classification of recipient reservoirs was discussed. The representative of the SPE Oil and Gas Reserves Committee (OGRC) noted that the OGRC had determined that storage of carbon dioxide did not fall within its terms of reference.

21. The discussion confirmed the merit of considering the classification of recipient reservoirs in conjunction with the classification of producing reservoirs. It was recommended that the Ad Hoc Group of Experts should liaise with the UNECE Ad Hoc Group of Experts on Cleaner Electricity Production from Coal and Other Fossil Fuels, which it was noted had the issue of carbon capture and storage on its programme of work.

C. Extrabudgetary funding

22. The secretariat provided a brief overview of the short- and long-term needs for extrabudgetary funding to support the Ad Hoc Group of Experts in implementing its programme of work. The limited UNECE regular budget funds available to support the Ad Hoc Group of Experts were noted.

D. Timing of sixth session

23. The sixth session of the Ad Hoc Group of Experts was provisionally scheduled for 25-27 March 2009 in Geneva. It was agreed that the confirmed dates would be provided to the Ad Hoc Group of Experts by e-mail as soon as practicable.
