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Conditions and Perspective for Widening Application of the United Nations Framework Classification for Fossil Energy and Mineral Resources (UNFC) in Ukraine

1. Ukraine as an independent state formation, which appeared on the map of Europe after disintegration of Soviet Union in 1991, had to solve problems with mineral raw material formation and state investigation of mineral resources reserves by itself. In connection with these events on the state level was formed State Commission of Ukraine on mineral resources. Commission was formed on the base of the Territorial Commission of Ukraine on mineral resources which solved the local problems of confirming mineral resources reserves deposits of nonmetallic raw material of local importance. In the period from 1992 up to 1995 State Commission of Ukraine on mineral resources used methodology of their identification, according to the classification of the former Soviet Union.

2. State Commission of Ukraine on mineral resources works on developing mineral resources classification since 1995. The members of the Commission took part in creation of International Framework classification and simultaneously on the same principles created their own national classification on the basis of former Soviet Union classification.

3. The classification scheme that was used in Soviet Union nowadays can be called conditionally The First Framework classification. It allowed to differentiate reserves and resources of all kinds of mineral resources according to standard principals: oil and gas, coal, uranium, solid metallic and nonmetallic mineral resources, ground waters and technogenic mineral formations. In this classification has been already distinguished the geological axis in the form of the system that consists of the three groups of categories: A, B, C₁ (that are already explored), C₂ (previously estimated),

P₁, P₂, P₃ (prospective and forecast). Feasibility axis in the form of obligatory stages of geological exploration process that were ending feasibility study, prefeasibility study, geological study. Economic axis provided allocation balance (economic) and outbalance (not economic) mineral resources.

4. New reserves and resources classification of the state fund confirmed by the Ukraine Government in May, 1997. It is fully adapted and "suits" to the United Nations International Frame Classification (UNFC). On the previous seminars of UN Special Experts Group we demonstrated the correlation of definitions of the Ukraine classification with International UNFC and International Atomic Energy Agency (IAEA) classification for uranium reserves. Thanks to the "framework effect" of the International Classification (UNFC) we could characterize all classes of reserves and resources that were distinguished by the USSR classification with the help of 3 digit codes. In the Ukraine National Classification are such classes of reserves and resources:

I. Balance reserves: class 111 — Proved Mineral Reserves; classes 121 and 122 — Probable Mineral Reserves;

II. Conditionally balance reserves of class 211;

III. Outbalance reserves of classes 221, 222;

IV. Reserves and resources, it is undetermined to what balance they belong (economical effectiveness):

classes 331 and 332 — concern reserves;

classes 333 and 334 — concern resources.

V. Mineable reserves are classified as the balance reserves. Remaining nonmineable reserves are classified as the outbalance reserves. The sum of mineable and nonmineable reserves is determined as the total reserves.

Mineable reserves and total reserves are calculated and are taken into consideration by the state balance.

5. For adoption of the new classification in Ukraine were elaborated the instructions for application of the reserves:

— reserves of oil, gas, coal, uranium, peat, ferrous metal ores, amber, building and block stone, clays, mineral and drinking ground water.

Developing of these instructions continues. Besides drawing up of the instruction to the development of Feasibility Study conditions for calculation of mineral resources deposits with application of the internationally — recognized dynamic method of economic efficiency definition deposits exploration comes to the end.

6. On the basis of the new classification of mineral resources reserves of the Ukraine state bowels fund since 2006 plans to begin reassessment of mineral resources deposits reserves, reserves of which are established without taking into consideration modern methods of economic analysis.

7. Having studied offered project of the Reporting Code of solid mineral resources reserves, developed by Institution of Mining and Metallurgy working group in conjunction with the European federation of geologists, the Geological Society of London and the Institute of Geologists of Ireland, we come to the conclusion, that this Code does not contradict the International classification, and chooses from it the most practically significant classes of reserves and resources: 111, 121+122, 331, 332 and 333; also recommends to use only them for reporting.

8. As to the definition of “the Competent Person” it seems to us, that it would be possible to expand the definition so that "Competent" could be the organization in which the “Competent Persons” work. In fact in item 9 of the Code made demands not only to the concrete person, but also to the organization in which he works.

This organization should “... be known for its work and have rules of behavior performance of which can be carried out compulsory in accordance with the law.” For example, in Ukraine “the Competent organization” is State Commission of Ukraine on mineral resources in which work such known specialists — its experts.

9. In the offered project of the Code, from our point of view are such positions that need further discussion:

— In the item 17 the term “Mineral resources” is better to change for the term “Resources of minerals” as the first term has already been used in the meaning of “The Quantity of all kinds of minerals”. For example:

“Mineral resources of Ukraine are submitted by iron ores, titan ores, oil, gas, etc”;

— The same concerns to the term “Mineral resources”, is better to use “Reserves of minerals”;

— The requirement of the item 24 about changing of semantic loading of the word "reserves" is very difficultly to put into practice. The matter is that this word has already been used in various normative and legislative acts, and to change them is very difficult. We suppose that new word for translation of English word "reserves" operational reserves should be introduced.

— It is stipulated by the item 25 of the Code, that mineable reserves should include rocks. It is a controversial question.

10. The Ukraine State Commission of mineral resources reserves has organized discussion about the terminology harmonization problems of the energy reserves and resources, and also the Reporting Code about them, and by means of publishing magazines devoted to this subject. In this publication are stated the main principles of UNFC, the adaptation program of UNFC in the countries of CIS and also the methodological and methodical aspects of UNFC adoption for separate kinds of mineral resources.

11. In conclusion we express hope that saved up by State Commission of Ukraine on mineral resources reserves experience of application of the International classification can be used by those organizations which carry out application of the International classification in other legal and economic conditions if it will be approved by our Seminar, and it will be worth.

In connection with above-stated, we consider necessary to submit for discussion the following questions:

— Taking into account the state principles in Ukraine UNFC we suggest to include representatives of Ukraine in working groups on further perfection of UNFC of mineral resources reserves classification;

— To hold the International exchanging experience meeting in Ukraine with representatives of all interested states for the further perfection of the general principles of the International classification application of the mineral resources reserves and also of the Reporting Code.

— The State Commission of Ukraine on Mineral Resources agrees to consider offers on rendering consulting services to the interested legal persons (including companies) and to the state organization with the International classification principles application problems of the mineral resources reserves and also of the Reporting Code.