

# SPE's Contributions

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2004 SPE President

1<sup>st</sup> Session,  
Ad Hoc Group of Experts  
on Supply of Fossil Fuels  
10 October, 2004  
Geneva



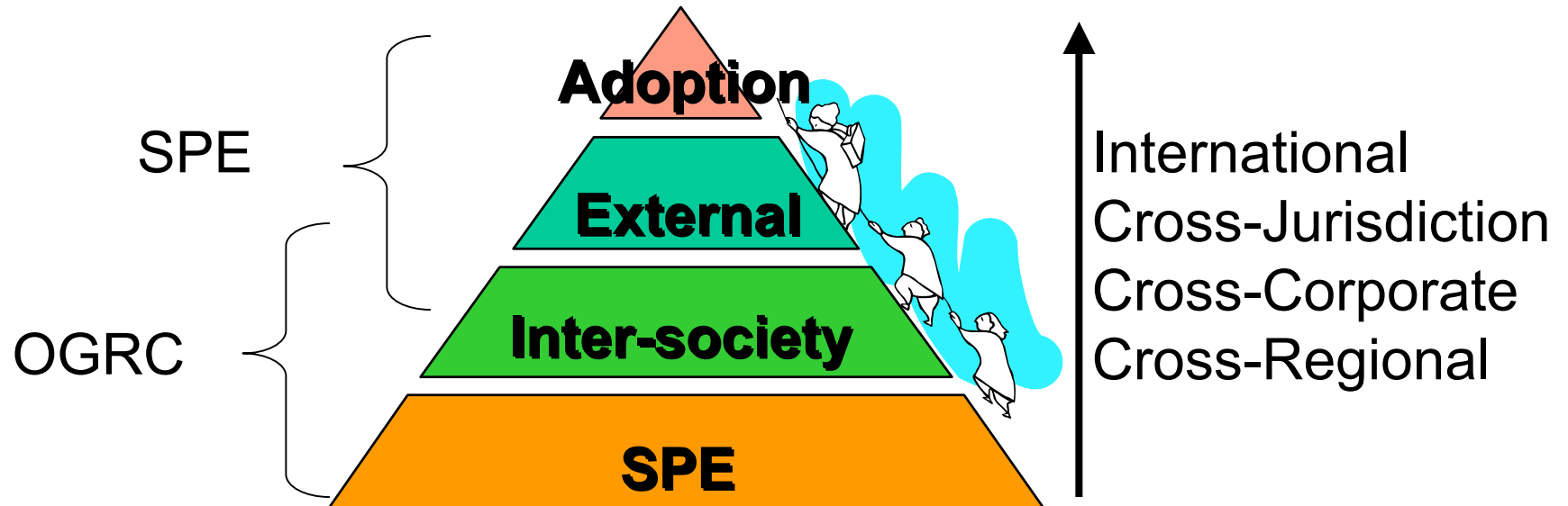
# History of Petroleum Reserves & Resource Definitions

- 1930's American Petroleum Institute (API)  
- early reserves definitions
- 1987 Society of Petroleum Engineers (SPE)  
World Petroleum Congress (WPC)  
- similar but separate reserves definitions
- 1997 Joint SPE/WPC Reserves Definitions
- 2000 Joint SPE/WPC/(American Association of Petroleum Geologists) AAPG Petroleum Resource Classification & Definitions
- 2001 Joint SPE/WPC/AAPG Supplemental Guidelines
- 2004 Joint SPE/WPC/AAPG Glossary of Terms

Work to Extend UNFC to Oil and Gas Begins in 2001,  
Adopted by UN Economic and Social Council 2004



# SPE Oil and Gas Reserves Committee (OGRC) The Definition Challenge



UNFC will face similar challenges, but perhaps in a different order, or with a different priority



# Current and Desired States Of SPE Reserves and Resource Definitions

**WHERE ARE WE NOW (Sept 2004)?**

**HOW ARE WE GOING TO GET THERE?**

**Grand Vision**

- Ambiguity Drives Misunderstanding
- “Competing” Sets of Industry Definitions
- Definitions not in one consolidated document
- Worldwide acceptance elusive, but generally accepted as a reference standard by:
  - ✓ Regulatory
  - ✓ Industry
  - ✓ Financial

- Clarify Existing SPE Reserves and Resource Definitions
- Develop a Dynamic Communication and Education Process
- Ensure Proper Intersociety Interface and Involvement
- Measure Success
- Solicit Membership and Leadership Input

- To have a set of reserves & resource definitions [and an associated set of estimating guidelines, which are current best practices] universally adopted by the oil and gas industry, international financial organizations, and regulatory and reporting bodies.



## Joint SPE/UNFC Activity

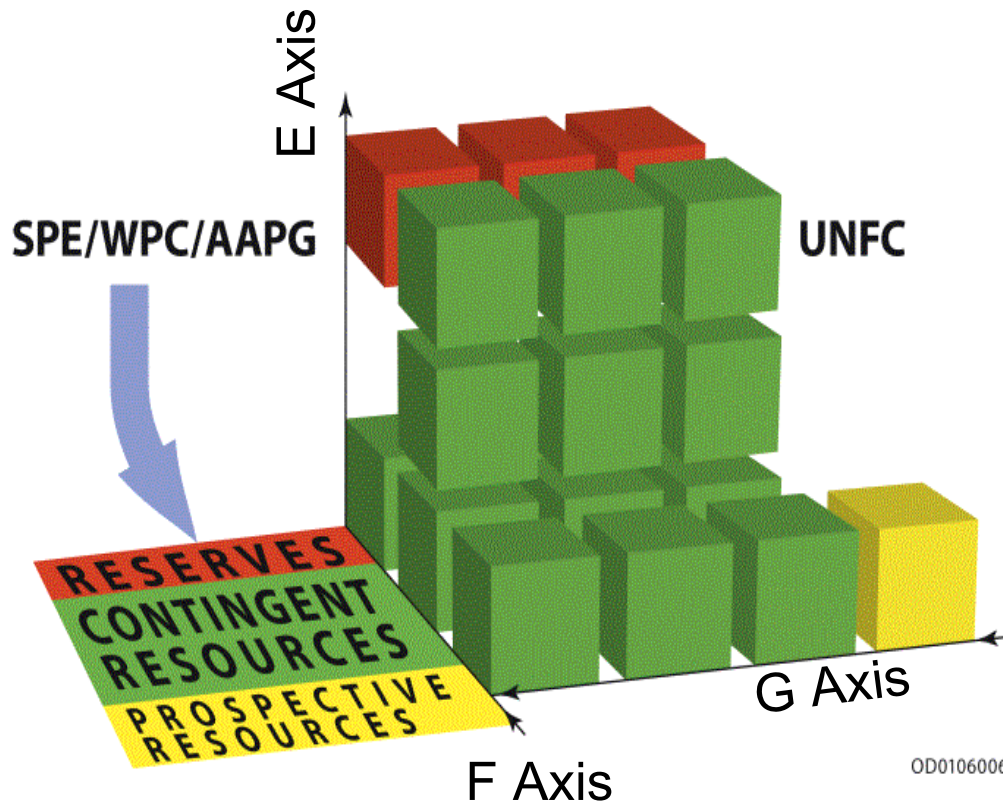
Interface Focus for SPE Rests with the OGRC

- International representation facilitates interaction
- Involvement throughout the process
- Committee acted as a sounding board

It is essential that the SPE/WPC/AAPG Resource/Reserve definitions are well-accommodated within the UNFC classification



# General Alignment of SPE/WPC/AAPG and UNFC



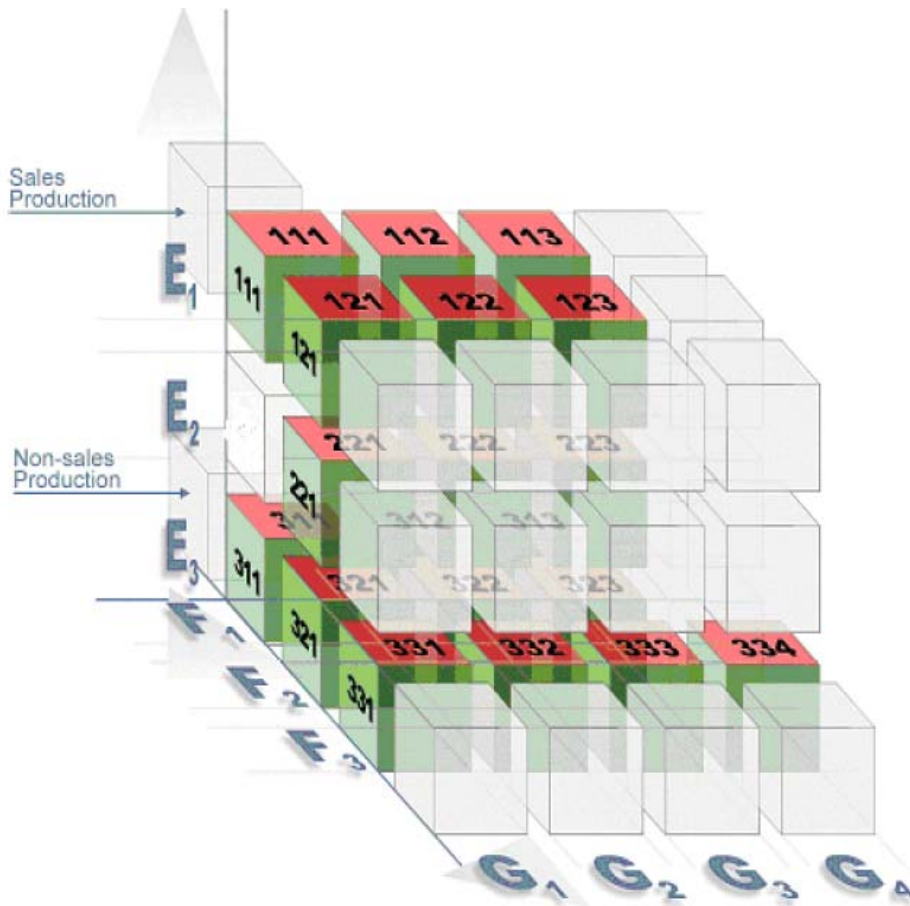
- E Axis Reflects Economic and Commercial Viability
- F Axis Reflects Project Status Categories of Reserves and Contingent Resources
- G Axis Reflects Level of Uncertainty

From SPE Paper 90839



# How Do the Systems Currently Mesh?

## UNFC 2004



## SPE/WPC/AAPG 2000

### Reserves

	1P	2P	3P
	Proved	Probable	Possible
	P90	P50	P10
	111	112	113

### Contingent Resources

	Low Est	Best Est	High Est
	P90	P50	P10
	121	122	123
	231	232	233

### Prospective Resources

	Low Est	Best Est	High Est
	P90	P50	P10
	331	332	333



# Integration Considerations and Opportunities

## CONSIDERATIONS

- Interpretive guidance must be included and must be clear
- Specific applications examples are required
- UNFC Three Dimensions vs. SPE Two
- Does it meet both internal business needs and reporting requirements?
- Value to the investment community?

## OPPORTUNITIES

- Collaboration between groups
- Definitive mapping between different systems should be developed
- Process for integration of new technologies and methodologies
- Alignment with evolving accounting and financial standards
  - ✓ IASB and IFRS

Educational “Vehicles” Critical to Stakeholder Buy-in

