Draft Terms of Reference for the Socio-Economic (E-Axis) Sub-Group

Note by the secretariat

I. Introduction

1. The United Nations Framework Classification for Fossil Energy and Mineral Reserves and Resources 2009 (UNFC) specifies Economic and Social viability (E axis), as one of the three fundamental criteria for the classification of fossil energy and mineral resources. The UNFC and the supporting commodity-specific systems (Petroleum Resource Management System (PRMS), Committee for Mineral Reserves International Reporting Standards (CRIRSCO) Template) identify some of the relevant factors and the UNFC Generic Specifications say, “… more detailed specifications can be found in relevant commodity-specific systems that have been aligned with UNFC-2009”. Currently, none of them contain the level of detail required to consistently apply the social viability factors of the E-axis.

2. The recognition of the importance of the E-axis factors has increased in recent years, in particular, those loosely described as “social conditions or licence/licence to operate”.

3. The issue was discussed at the fifth session of the Expert Group on Resource Classification in 2014 and the meeting report notes:

“The Expert Group recommended the formation of a subgroup to the Bureau that should include representatives from a wide range of interested stakeholders from around the world. The Expert Group requested this subgroup to prepare guidance on accommodating environment and social considerations in “UNFC-2009 and the Specifications for its Application” (ECE/ENERGY/94 and ECE Energy Series No. 42) for the sixth session.

4. The Expert Group noted that environmental and social considerations involve many diverse and complex issues. Recognizing that a wide range of material is already available on these issues from a number of organizations, the Expert Group requested that any

1 These Terms of Reference have been drafted by the E-axis Sub-group Phase I and reviewed by the Bureau of the Expert Group on Resource Classification. They are submitted to the Expert Group for review and approval at the Sixth Session.

2 The Petroleum Resource Management System (PRMS) was endorsed by the Society of Petroleum Engineers (SPE), the World Petroleum Council (WPC), the American Association of Petroleum Geologists (AAPG), the Society of Petroleum Evaluation Engineers (SPEE) and the Society of Exploration Geophysicists (SEG).
II. Objective


III. Sub-Group Phases

6. The sub-group will proceed in two phases:
   
   (a) Phase 1 will prepare a draft of Terms of Reference, to be submitted to the Bureau for approval.
   
   (b) Phase 2 will carry out the mandate as described in the Terms of Reference.

(a) Phase 1 Sub-Group.

7. The purpose of the Phase 1 sub-group is to prepare a draft of Terms of Reference for Phase 2, to be submitted to the Bureau for approval.

(b) Phase 2 Sub-Group Terms of Reference

8. Prepare guidance on assessing environmental and social considerations for the classification of resources according to the UNFC. This is expected to include, but is not limited to providing:

9. A list and definitions of the E-axis classification factors, as identified in the UNFC.

10. Guidance for the E-axis factors which, as noted by the EGRC, “should revolve around high-level principles”.

11. A recommendation on the extent to which more detailed guidance is required.

12. A recommendation on how the high-level and any detailed guidance should be provided. Most of the E-axis classification factors are not commodity-specific and the sub-group should consider whether guidance should be:

13. Separately in each of the commodity-specific documents by the organizations that manage these documents (PRMS, CRIRSCO, and the Organisation of Economic Co-operation and Development (OECD) Nuclear Energy Agency (NEA)/International Atomic Energy Agency (IAEA) resource reporting scheme (also known as the “Red Book”), under development for Recipient Reservoirs, and for Renewables). Currently, there is little guidance on the E-axis factors in any of these, or,

14. As a single source and, if so, whether this should be prepared under the direction of the Expert Group, either by a continuation of the work of this sub-group, by a separate Task Force of the Expert Group, or by other means.

15. Consider establishing sub-classes to distinguish between various E-axis factors, such as environmental and social conditions. UNFC currently does not provide for making this distinction.

16. Many of the UNFC E-axis factors are of a broad scope but the sub-group should consider only those aspects that are relevant to UNFC E-axis resource classification, not the broader issues.
IV. Sub-Group Membership

17. Phase 1 will be prepared by a small sub-group of Expert Group members who are expected to continue as members of Phase 2. The Chair of Phase 2 will invite additional members as required, in order to ensure a more complete representation of stakeholders.

V. Deliverables

18. Progress reports will be given to the Bureau of the Expert Group at their periodic teleconferences.

19. A report will be presented at the 2015 Expert Group meeting and needs to be completed by early February 2015.

VI. Authority

20. The Sub-group is advisory and final recommendations require the approval of the Expert Group on Resource Classification. The Sub-group will operate by consensus (i.e., general agreement, not necessarily unanimity). When consensus cannot be attained on an issue, it may be referred to the Bureau of the Expert Group.