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Economic Commission for Europe Committee on Sustainable Energy Expert Group on Resource Classification

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Item 13 of the provisional agenda

Programme of work for 2011-2012

Draft proposal

Note by the secretariat

1. The draft programme of work for the Expert Group on Resource Classification for 2011-2012 has been prepared in the light of the decisions of the Committee on Sustainable Energy at its nineteenth session and the decisions of the first session of the Expert Group.
2. This document is intended to facilitate the work of the Expert Group and not to influence in any way its decisions.

I. Specifications for the United Nations Framework Classification for Fossil Energy and Mineral Reserves and Resources 2009

Description: Specifications (or “secondary rules”) are needed for the United Nations Framework Classification for Fossil Energy and Mineral Reserves and Resources 2009 (UNFC-2009) in order to ensure an appropriate level of consistency and coherence when it is applied. They provide additional instructions on how the definitions contained in UNFC-2009 must be applied in specific circumstances including, where appropriate, commodity-specific rules. At the first session of the Expert Group, the Specifications Task Force Phase Two (established by and reporting to the Bureau) was tasked to consider all issues raised by stakeholders that are not currently addressed fully in the Committee for Mineral Reserves International Reporting Standards (CRIRSCO) Template and/or the Society of Petroleum Engineers (SPE)/World Petroleum Council (WPC)/American Association of Petroleum Geologists (AAPG)/Society of Petroleum Evaluation Engineers (SPEE) Petroleum Resource Management System (SPE-PRMS) and as contained in the final version of the Report of the original Specifications Task Force (ECE/ENERGY/2010/8). Specifically, the Task Force was requested to consider carefully each issue in turn and either: (i) develop a

generic UNFC specification to address the issue, for the eventual approval of the Expert Group, but subject to a public comment period; (ii) provide an explanation to the Expert Group to demonstrate that the issue is, or will be, adequately addressed in both the Template and SPE-PRMS based on discussions with CRIRSCO and the SPE Oil and Gas Reserves Committee (SPE OGRC); or, (iii) provide an explanation to the Expert Group to justify why a specification is not considered necessary and/or appropriate for that issue.

Work to be undertaken: The Specifications Task Force Phase Two is to continue its work to develop generic specifications for UNFC-2009, in close collaboration with CRIRSCO and SPE. The draft text of the generic specifications (ECE/ENERGY/GE.3/2011/3) is to be updated to reflect comments provided at the second session of the Expert Group and then issued for public comment. The final text should be submitted to the Committee on Sustainable Energy for endorsement, following which it should be issued as a United Nations publication in all official languages of the United Nations to facilitate further implementation of United Nations Economic and Social Council (ECOSOC) Resolution 2004/233.

II. Technical advisory group

Description: A Technical Advisory Group is needed to provide assistance and advice on how to interpret, apply and/or map to UNFC-2009 as and when requested, as well as to compile and analyze the results of such initiatives. At the first session of the Expert Group it was agreed that the Bureau should progress establishment of a Technical Advisory Group, including development of a mandate, methodology of operation and rules of procedure, list of deliverables, membership list and potential sources of extrabudgetary funding, for consideration at the second session of the Expert Group.

Work to be undertaken: Progress establishment of a Technical Advisory Group and, in particular identify potential sources of funding.

III. Testing of the United Nations Framework Classification for Fossil Energy and Mineral Reserves and Resources 2009

Description: Wide testing of UNFC-2009 is essential to ensure that the classification meets the needs of its stakeholders and also to ensure it remains current. The Committee on Sustainable Energy has also directed the Expert Group to reinforce its efforts to encourage testing and application of UNFC-2009 as widely as possible and that feedback on this continue to be monitored and reviewed at least every two years.

Work to be undertaken: Encourage members of the Expert Group to test UNFC-2009 in their own work environments. Encourage stakeholders to carry out cross-mapping with other systems (e.g. as CRIRSCO and SPE are undertaking with the Russian Federation); ideally this would include government to government mapping, as well as commercial systems. Results should be compiled and analysed by the Bureau of the Expert Group (until the Technical Advisory Group is established).

IV. Communications sub-committee

Description: The Expert Group on Resource Classification agreed to establish a Communications Sub-Committee at its first session, with a mandate to develop and implement a communications and education strategy to ensure that opportunities to promote UNFC-2009 globally and to deliver a consistent message are maximized, including through

conferences, workshops, articles and technical papers. The Sub-Committee was also tasked to assist with identification of experts in countries and organizations not already represented in the Expert Group.

Work to be undertaken: The Communications Sub-Committee is to continue its work to promote the Expert Group and UNFC-2009 as per its agreed mandate. Attention is to be given to organizing regional workshops e.g., in sub-Saharan Africa and South-East Asia.

V. Use of UNFC in classifying injection projects

Description: The Expert Group commenced research on the potential use of UNFC-2009 in classifying injection projects (e.g., CO₂ storage, natural gas storage or other waste disposal projects). It was agreed at the first session of the Expert Group that a Task Force on UNFC and Recipient Reservoirs would be established by and report to the Bureau to continue to research and develop views on this potential use of UNFC-2009 and identify additional key stakeholders who could provide critical analysis and feedback on the practicality of applying UNFC-2009 for these types of projects.

Work to be undertaken: Subject to appropriate prioritization, the Expert Group is to continue to develop its views on the potential use of UNFC-2009 for classifying injection projects via the research undertaken by the Task Force on UNFC and Recipient Reservoirs. An update on any findings is to be provided to the third session of the Expert Group.

VI. Financial reporting

Description: UNFC-2009 has been designed to meet, to the extent possible, the needs of applications pertaining to financial reporting standards. The Expert Group has been working closely with the International Accounting Standards Board (IASB) which is undertaking an extractive activities research project to analyse the unique financial reporting issues applicable to extractive activities and to identify a basis on which a financial reporting model might be developed to address these issues. In 2011, the IASB plans to make a decision on whether the extractive activities project should be added to its active agenda. If the IASB decides to add the project to its agenda, the project's objective would be to develop an International Financial Reporting Standard (IFRS) on accounting for extractive activities that would supersede IFRS 6: Exploration for and Evaluation of Mineral Resources.

Work to be undertaken: Continue to support the IASB Extractive Activities Research Project as appropriate; and monitor relevant developments in financial reporting generally.

VII. Collaboration and cooperation with other bodies

Description: UNFC-2009 has been designed to meet essential needs in international energy and minerals policy formulation, government resources management, industry business processes management and capital allocation. This has required close collaboration and cooperation with stakeholders from these four areas of application.

Work to be undertaken: Continue to collaborate and cooperate with as wide a range of stakeholders as possible and identify new partners, particularly within non-ECE member countries.