

RTF Report on the Revision of the UNFC

**Prepared for Seventh Session, Ad Hoc
Group of Experts on Harmonization of
Fossil Energy and Mineral Resources
Terminology**

**Presented by Jim Ross
Geneva, 29-30 October 2009**

Process (1)

- First draft developed prior to AHGE Sixth Session (March 2009)
- Agreed that it should be expanded to ensure all comments received up to, and at, the Sixth Session were addressed
- Revised and greatly expanded draft developed and distributed to RTF members on 24th June 2009
- Final version identifies and discusses 44 individual issues
- No disagreement in RTF regarding comprehensiveness of report

Process (2)

- Very extensive discussions regarding detailed wording, almost exclusively with the OPEC Secretariat (first comments received 30th August 2009)
- Modified version submitted to RTF on 18th September 2009 accommodating all changes submitted by OPEC Secretariat except for wording of 4 paragraphs (out of 94)
- OPEC Secretariat responded on 25th September 2009 not accepting proposed version of 4 paragraphs
- Further version submitted to RTF on 26th September 2009 responding to comments on 4 paragraphs, with some additional text accepted and clarification of reasons for not adopting others
- Final version not accepted by OPEC Secretariat

Geneva, October 2009

Report Format

- Introduction
- General Considerations
- Specific Comments
 - 44 issues discussed
- Concluding Paragraph
- Annex I – Table listing all comments received and cross-referencing to RTF response and explanation
- Annex II – Table showing 2004 and proposed 2009 category definitions

Specific Comments (1)

1. Users of earlier versions of the UNFC
2. Specifications and guidelines
3. Add reference to Mapping Task Force Report
4. Remove reference to financial reporting
5. Use of the term “reserves”
6. Maintenance of the Classification
7. Improvements to Figure 1
8. Reverse sequence of UNFC and Explanatory Note
9. Expand G4 to account for uncertainty
10. Show additional classes on Figure 1
11. Remove references to “project” in Figure 1

Specific Comments (2)

12. 2D and 3D representations of UNFC
13. Exclude definitions of sub-categories
14. Artisan mining considerations
15. Classifying all resources on a common basis
16. Meeting local needs and avoiding frequent changes
17. Explanatory notes to G1/G2/G3
18. Discussion of developed/undeveloped sub-categories
19. Definition of “total in place” using E categories
20. Exclude exhausted resources from inventory
21. More detailed definition of G categories
22. Ensure E categories include economic and social viability

Specific Comments (3)

23. E3 contains sub-categories of a different nature
24. Application to unconventional petroleum resources
25. Text changes to the UNFC and Explanatory Note
26. Indicate users and purpose of proposed revised UNFC-2009
27. Subjective nature of E Axis categories
28. Assessments made for different purposes
29. Reference to Class 113
30. E Axis and terminology in Figure 3
31. Distinction between F4 and potentially commercial
32. Add “undiscovered” to “potential deposit”
33. Collaboration with International Energy Statistics on terminology

Specific Comments (4)

34. Definition of non-sales production
35. Assurance of reliability of estimates
36. Tracking of changes to estimates
37. Requirement for detailed breakdown of production
38. Application of the UNFC to uranium
39. Different systems for different needs
40. UNFC governance structure
41. UNFC-2009 for United Nations ECOSOC approval
42. Sub-division of development pending
43. Glossary of terms for UNFC-2009
44. Unpublished comments

Example from Annex I

COMMENTS RECEIVED

No	Source	Date	Requested changes or comments (very brief summary only)	RTF response
1	Rafael Sandrea, PhD	8 December 2008	No changes	None required
2	CRIRSCO Board	12 December 2008	Limited or no specifications and guidelines in UNFC itself	See III.2
			Add reference to mapping document	See III.3
			Remove reference to financial reporting	See III.4
			Remove or revise text on use of term "reserves"	See III.5
			Add reference to SPE/CRIRSCO re maintenance	See III.6
3	Ken Mallon	5 January 2009	Improve Figure 1	See III.7
			Make Explanatory Note an appendix of UNFC	See III.8
			Expand G4 to account for uncertainty	See III.9
			Text on use of term "reserves" excellent and critical to keep in	See III.5
4	William Prast, PhD	7 January 2009	Remove or revise text on use of term "reserves"	See III.5
5	State Commission of Ukraine on Mineral Resources	27 January 2009	Add other classes to Figure 1	See III.10
			Remove references to "project" in Figure 1	See III.11
			Remove Figures 2 and 3	See III.12
			Exclude definitions of sub- categories	See III.13

Example from Annex II

Cat.	UNFC-2004 Coal, uranium and other solid minerals	UNFC-2004 Petroleum	Proposal for revised UNFC-2009 definitions
E1	Quantities, reported in tonnes/volume with grade/quality, demonstrated by means of a pre-feasibility study, feasibility study or mining report, in order of increasing accuracy, that justify extraction under the technological, economic, environmental and other relevant commercial conditions, realistically assumed at the time of the determination.	Production is justified under the technological, economic, environmental and other relevant commercial conditions, realistically assumed or specified at the time of the estimation	Extraction and sale has been confirmed to be economically viable.

Text of 90 paragraphs out of 94 agreed with OPEC Secretariat – Not agreed: (1)

- Specifications and Guidelines (paragraph 25)
 - Original proposed text simply referred to the Discussion Paper
 - OPEC Secretariat added a paragraph detailing the reasons why it felt Specifications and Guidelines were not necessary
 - To ensure a neutral position was maintained in the report, a paragraph was then added to state the alternative view, as expressed in comments to the draft UNFC and in the MTF report
 - The OPEC Secretariat asked for additional text to be added to the counter-argument (paragraph 25)
 - It was not incorporated (a) because it compromised the neutrality of the process and (b) the additional text was not relevant to the issue under discussion

Text of 90 paragraphs out of 94 agreed with OPEC Secretariat – Not agreed: (2)

- Application of the UNFC to Uranium (paragraph 80)
 - The OPEC Secretariat wanted to add quotes extracted from a letter from IAEA regarding UNFC-2004 (the letter was written before work started on UNFC-2009)
 - Although considered irrelevant and potentially misleading, the text was added on condition that the quotes selected by the OPEC Secretariat were expanded to ensure that there would be less potential for any misunderstandings
 - For example, one quote could be misinterpreted to imply that it represented the view of the IAEA, whereas the letter clearly stated that it was the view of *“some members of the uranium group”*

Text of 90 paragraphs out of 94 agreed with OPEC Secretariat – Not agreed: (3)

- Different Systems for Different Needs (paragraph 81)
 - Following a discussion of the benefits of mapping, there was a sentence that stated:

“However, what mapping cannot do is provide assurance that estimates made under those different systems are not significantly different.”
 - The OPEC Secretariat wanted to delete this sentence or modify it to add:

“nor the UNFC even with specifications and guidelines”
 - Since this would be a non-sequitur and the original sentence was both factually correct and consistent with taking a neutral position with respect to specifications and guidelines, it was not changed

Text of 90 paragraphs out of 94 agreed with OPEC Secretariat – Not agreed: (4)

- Different Systems for Different Needs (paragraph 85)
 - After an example of the potential differences between systems using the same terminology, the following statement was made:

“Mapping modules could be used to illustrate the similarities and differences between these systems, and hence highlight the particular reasons for these substantial differences in estimates that were all quoted as proved reserves”
 - The OPEC Secretariat wanted *“substantial”* and *“that were all quoted as proved reserves”* deleted
 - This was not done because (a) the statement was factually correct and there was no valid reason to delete the text and (b) the fact that the estimates were quoted *using the same terminology* was considered highly relevant to the AHGE, given its primary objective of the harmonization of terminology

Geneva, October 2009

OPEC Secretariat (2nd October 2009)

- *“The Draft RTF Report is acceptable to us, as per the version submitted on 25th September, which we hope would be accepted by the Bureau.*
- *However, if our proposal is not accepted, we will also disassociate ourselves from the version of document forwarded by the RTF Chairperson and request that reference to the OPEC Secretariat in page 21 be deleted.”*

Conclusions

- The report is intended to provide an historical reference of the work done by the RTF in responding to comments on the proposed revised UNFC
- It is important that it is:
 - Comprehensive
 - Factually correct
 - Not misleading
- No disagreement in RTF regarding the identification of the specific issues raised
 - Primary objective of comprehensiveness has been achieved
- Only one member would not accept final version of report