

Proposed Revised UNFC (UNFC-2009)

**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**

Background (1)

- UNFC-2004: expanded to cover oil, natural gas and uranium
 - ECOSOC resolution 2004/233
- Petroleum Task Force meeting in Stavanger (June 2005)
 - Agreed that developing new guidelines would be very inefficient and counter-productive
 - Collaboration with SPE was the logical process
- Second Session of the AHGE (Dec 2005)
 - Agreed to develop specifications and guidelines for UNFC-2004 in collaboration with SPE and CRIRSCO

Background (2)

- Third Session (October 2006)
 - Agreed to map the UNFC to SPE/CRIRSCO systems
 - Mapping Task Force established (July 2007)
- MTF Report (April 2008) recommended:
 - General changes to UNFC category definitions: simpler, generic in nature
 - Specific changes in order to provide alignment with CRIRSCO Template and SPE-PRMS

RTF Mandate

- Report of the Fifth Session of the AHGE (April 2008):
 - Considered the provisional Report of the Mapping Task Force, and *generally agreed to use it as a basis for revising the UNFC* and its specifications and guidelines, subject to comments from members of the Ad Hoc Group of Experts following further review
 - Confirmed authorization of the Bureau of the Ad Hoc Group of Experts to act on the views received on revising the 2004 UNFC
 - Requested that a *proposal for a revised UNFC* be submitted to the Extended Bureau of the Committee on Sustainable Energy for consideration as early as possible

Geneva, October 2009

Revision Task Force

Extended Bureau members:

- Thomas Ahlbrandt (*left the Bureau at the Sixth Session of the AHGE*)
- Fatih Birol
- Per Blystad
- Ferdinando Camisani-Calzolari
- David Elliott
- Mücella Ersoy
- Mohamed Hamel supported by Nimat Abu Al-Soof
(*OPEC Secretariat asked to be disassociated from the RTF documents*)
- Sigurd Heiberg (Chairperson)
- Delores Hinkle supported by John Ritter
- Andrej Subelj (*left the Bureau at the Sixth Session of the AHGE*)
- Yuri Podturkin

Selected representative experts:

- István Bérczi
- Glenn Brady
- David MacDonald
- James Ross
- Niall Weatherstone

Process (1)

- First draft developed (April 2008)
- RTF meeting in London (Sep 2008)
- Draft released for public comment (Dec 2008)
 - Two month comment period
- RTF meeting in Stavanger (Mar 2009)
 - Comments reviewed, changes incorporated
- AHGE Sixth Session (March 2009)
 - Very wide support, but some issues still to be considered
- Deadline of end September 2009 agreed

Process (2)

- At the AHGE Sixth Session:
 - *“a significant number of those present were in favour of adopting the Draft UNFC-2009, while recognizing that there might be a need to modify the text in the future”*
- The approach taken following the Sixth Session was to make changes to the initial draft UNFC-2009 only:
 - Where there was clear evidence that such a change would correct an error/omission, or
 - To clarify a misleading statement

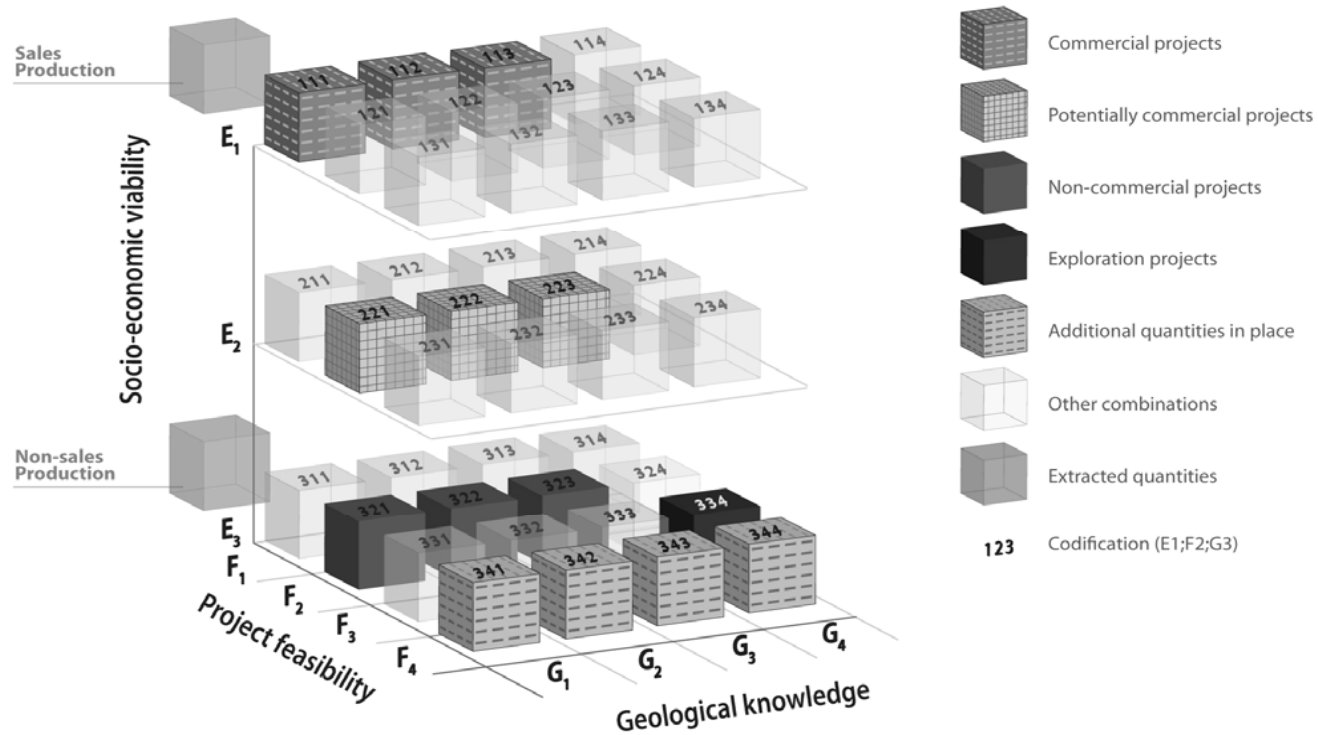
Process (3)

- Between March 2009 and agreed deadline of end September 2009
 - Minor text edits, modified Figure 1 and UN formatting (June, July, August 2009)
 - On 15th September 2009, proposed text changes were received from the OPEC Secretariat, noting that there could be further proposed changes
 - All proposed changes were adopted except for one that was handled differently and two not accepted as being factually incorrect or misleading
 - Further submission from the OPEC Secretariat on 25th September with additional (new) changes, plus repeating the three that had not been adopted
 - New version circulated on 26th September 2009 and final version on 30th September 2009, incorporating the new OPEC Secretariat changes
 - Final version not accepted by OPEC Secretariat

Proposed Revised UNFC-2009

All classes now shown

UNFC-2009 categories and examples of classes



Geneva, October 2009

Proposed Revised UNFC-2009

No changes since Sixth Session

Total commodity initially in place	Extracted	Sales Production			
		Non-sales Production			
		Class	Categories		
			E	F	G
	Future recovery by commercial development projects or mining operations	Commercial Projects	1	1	1, 2, 3
	Potential future recovery by contingent development projects or mining operations	Potentially Commercial Projects	2	2	1, 2, 3
		Non-Commercial Projects	3	2	1, 2, 3
	Additional quantities in place associated with known deposits		3	4	1, 2, 3
	Potential future recovery by successful exploration activities	Exploration Projects	3	3	4
	Additional quantities in place associated with potential deposits		3	4	4

Proposed Revised UNFC-2009

No changes since Sixth Session

UNFC Classes defined by categories and sub-categories						
Total commodity initially in place	Extracted	Sales Production				
		Non-sales Production				
	Class	Sub-class	Categories			
			E	F	G	
Known Deposit	Commercial Projects	On Production	1	1.1	1, 2, 3	
		Approved for Development	1	1.2	1, 2, 3	
		Justified for Development	1	1.3	1, 2, 3	
	Potentially Commercial Projects	Development Pending	2	2.1	1, 2, 3	
		Development On Hold	2	2.2	1, 2, 3	
	Non-Commercial Projects	Development Unclarified	3.2	2.2	1, 2, 3	
		Development Not Viable	3.3	2.3	1, 2, 3	
	Additional quantities in place		3.3	4	1, 2, 3	
	Potential Deposit	Exploration Projects	[No sub-classes defined]	3.2	3	4
		Additional quantities in place		3.3	4	4

Geneva, October 2009

Proposed Revised UNFC-2009

- Category definitions and supporting explanations
- Sub-category definitions and supporting explanations

No changes since Sixth Session

Geneva, October 2009

Proposed Revised UNFC-2009

- OPEC Secretariat proposed 10 text changes to UNFC-2009 and Explanatory Note
 - All accepted bar three
- Final version not accepted by OPEC Secretariat

Proposed changes not implemented

- Add “draft” in front of every reference to “UNFC-2009” in the text of the document
 - Document is identified as a draft in UN system (“L” designation)
 - Document title states “Draft prepared by ...”
 - Summary states: “This document contains the draft text ...”
 - Summary refers to “revised draft UNFC-2009”
- Change “harmonized” to “mapped” or delete word in paragraph 16 of UNFC-2009
 - Would be factually incorrect
- Add “framework” to paragraph 28 of Explanatory Note
 - Would be misleading, as reference was to the application of the UNFC as a classification in its own right

OPEC Secretariat (2nd October 2009)

- *“Concerning the Draft UNFC-2009, in our view, this document should remain as a draft.*
 - *This has been recognized by the AHGE at its Sixth Session, as per its report, and all documents refer to the Draft UNFC-2009.*
 - *Moreover, we believe that, as for any product, a testing period for the Draft UNFC-2009 should be allowed, of sufficient duration to make it effective and useful.*
- *Should the Bureau not support our proposal of 25th September, the OPEC Secretariat will request that any reference to the OPEC Secretariat or its representatives be deleted from this document.*
- *In addition, the OPEC Secretariat will not support the revision of the UNFC, should specifications and guidelines be developed for the UNFC, as per our letter of 17th March and our position contained in the 6th Session Report.”*

Geneva, October 2009

The Majority RTF View

- Recommend to the Extended Bureau of the Committee of Sustainable Energy that UNFC-2009 is adopted now as a replacement for UNFC-2004, in accordance with the RTF mandate
- Encourage testing
- Encourage mapping
- Provide AHGE facility for assistance and feedback
- Update and improve as necessary in the future (as determined and approved by the AHGE)