NEW WAYS OF APPLYING UNFC FOR HARMONIZATION OF RELATIONS BETWEEN THE STATE AND INVESTOR IN PRODUCING COUNTRIES

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The only classification that can serve as a basis for global geopolitical forecasts concerning energy resources and mineral raw materials

Generic principle-based system in which quantities are classified based on the three fundamental criteria: economic and social viability (E), field project status and feasibility (F), and geological knowledge (G), using a three-dimensional independent language and numerical coding scheme. The result is a common language of communication, which can be equally understood by public authorities and business.

An integral set of rules; their simplicity ensures applying both directly and as an instrument for harmonization (mapping) of various national classifications;

In the nearest future, UN Classification may become a major tool ensuring harmonious development of society and the world.
NEW IDEAS ON DEVELOPMENT OF THE UNFC APPLICATION

- Set of shared values derived from the ethical “natural justice” position of Agenda 2030
- Clear, convincing plan to exchange views on the possibility of achieving prosperity at the cost of natural resources.
- Commitment to the full and overall resources recovery; valorization (reuse, recycling) of secondary resources and residues; and zero waste
- "Constructive regulation" is a framework allowing operator, policy-maker, investor and regulator to collaborate for the common good on key technology-selection and operational decisions
- Consideration of public opinion on development, successful “evolution” of resources, and extra cost
- Policy of attracting investment in innovation (such as “digital mining” – application of smart, next-generation processing power and Artificial Intelligence (AI) to optimize and/or cancel procedures for resource evaluation, recovery and management)

THE MAIN IDEA is that UNFC development should contribute to creation of new communication language understandable to all the parties concerned, namely: state, society, business, and investor
UNFC and RF classifications rely on a single principle of decision making based on project management

Geological exploration can be divided into projects; each of them has a specific goal, resource constrains and deadlines, quality requirements and acceptable risk levels. Purpose of each project is to achieve efficiency under existing geological, tax and economic constraints.
UNFC and RF classifications make it possible for state and investors to take agreed decisions in all the stages of the field lifecycle.

Categories A, B₁ and B₂ have a unique mapping with UNFC sub-classes:
- A - Producing (being developed)
- B₁ - Approved for development
- B₂ - Substantiated for development

Distinctions between categories A, B₁, B₂ and A*, B₁*, B₂* are associated both with E axis and F axis.

For A, B₁, B₂:
- E₁: Economic feasibility of extraction and sale is confirmed
- F₁: Feasibility of extraction is confirmed

For A*, B₁*, B₂*:
- E₂: It is expected that extraction and sale will become economically viable in the foreseeable future
- F₂: Practicability of extraction is subject to further evaluation

**Determination of reserves * categories allows the phrase a goal and propose solutions to achieve it. And to organize the meaningful dialog between state and investor.**
Introduction the new HC reserves classification in Russian allowed arranging reserves in accordance with UNFC.

Project-oriented arrangement reserves allows, if necessary, providing a focused state support to subsoil users in development of mineral resources, production of which is not possible in the current stage because of technological and economic reasons.
Project-oriented principle of Russian classification made it possible to considerably increase Difficult-to-Recover reserves production in Russia.

- Identification of the “potentially commercial” reserves allows the state to provide, if necessary, targeted support to producing companies:
  - Infrastructure and innovative projects
  - Production benefits
  - Grants/subsidies

![Annual production profile chart](chart.png)

- Tyumen: 2012 - 18 million tons, 2016 - 31 million tons (+78%)
- Low-permeable reservoirs: 2012 - 16 million tons, 2016 - 33 million tons (+108%)
PURPOSE: Establishment of an alternative mechanism for the formation of new centers for the development of investment decisions in mineral reserves management

- Mutual recognition of national classifications through their harmonization with UNFC
- Establishment of global institution of Competent Persons (Experts) recognized by global international expert community