Report on the Activities of the Expert Group on Resource Classification in 2009

Prepared for the 20th Session of the Working Party on Gas

Presented by Charlotte Griffiths, Secretary, Expert Group

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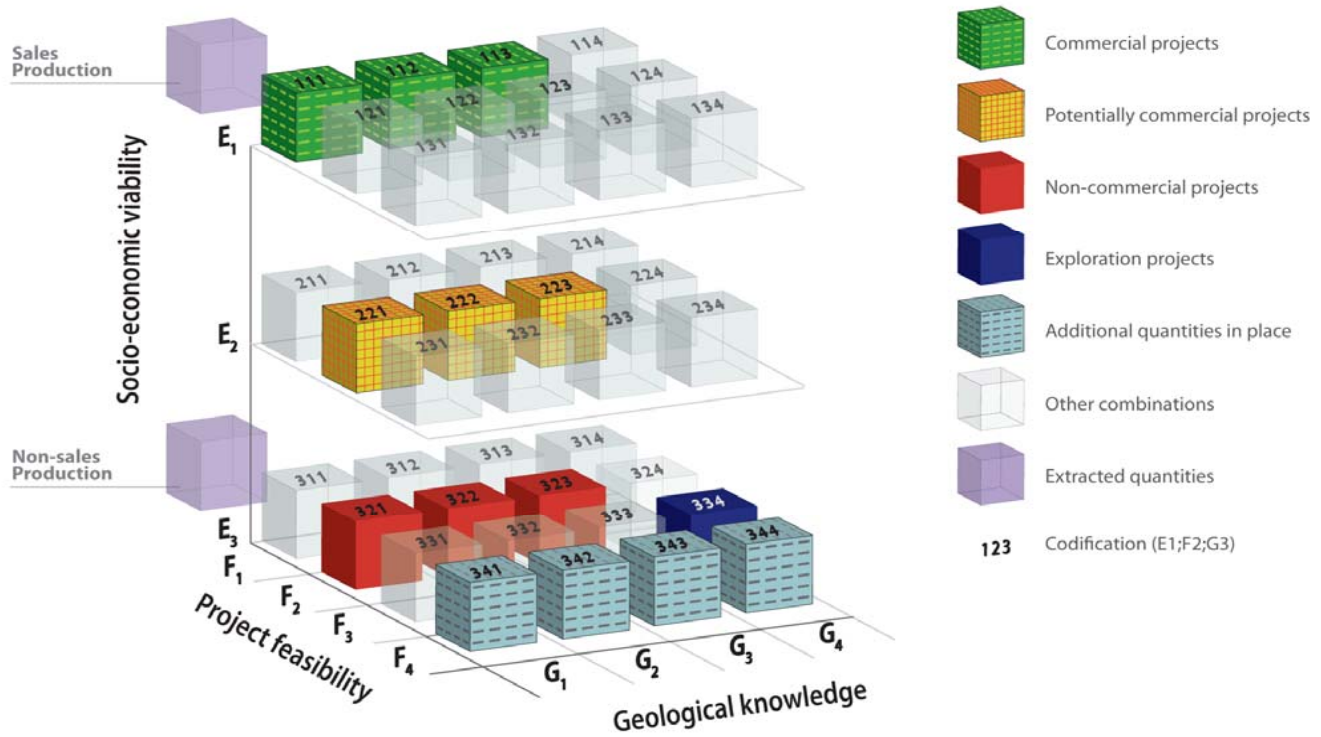
Activities in 2009

- Effective December 2009, AHGE on Harmonization of Fossil Energy and Mineral Resources Terminology now **Group of Experts on Resource Classification (EGRC)**
- Key focus in 2009: revision of the United Nations Framework Classification for Fossil Energy and Mineral Resources of 2004
- Following UNFC mapping exercise in 2008, agreed to assess UNFC-2004 for potential revisions
- Draft revised text of UNFC-2004 prepared by UNFC Revision Task Force and circulated worldwide for public comment end-2008; all feedback incorporated and new text prepared, transparent and rigorous process
- Proposed text of UNFC-2009 reviewed in detail at Expert Group 6th session (March 2009) & at 7th session (October). At 7th session UNFC-2009 approved by all except OPEC. UNFC-2009 approved in final format for release by Energy Committee in November

UNFC-2009 (United Nations Framework Classification for Fossil Energy and Mineral Reserves and Resources 2009)

UNFC-2009 categories and examples of classes



UNFC-2009 *continued*

- UNFC-2009 simplified, generic and user-friendly, in line with ECOSOC Resolution 2004/233
- UNFC can be applied to solid fuels/minerals and to oil, gas & uranium
- UNFC only modern classification system in world developed to address both minerals & petroleum sectors using single set of definitions
- Key strengths: can be applied directly; provides a tool to map other classifications to one another; and, offers a set of globally harmonized terminology and definitions for both minerals and petroleum sectors
- UNFC has been designed to meet the needs of 4 key areas: international energy and mineral studies; Government resource management; industry business processes; and financial reporting
- UNFC is a long-term activity, with significant and varied global stakeholder support – EGRC has five-year mandate to end-2014

UNFC-2009 & Specifications

- For 7th Session, UNFC Revision Task Force prepared discussion paper on need and/or desirability to develop specifications (rules) and guidelines (best practice) for UNFC
- Overwhelming request from Expert Group stakeholders (except OPEC) that specifications & guidelines are provided for UNFC
- Specifications Task Force established by Expert Group comprising 4 small working groups to identify <u>needs</u> of stakeholders for specifications under UNFC (international energy and minerals policy formulation, Government resources management, business processes management and capital allocation). Will report on findings to EGRC 1st Session

Programme of Work 2009-2010

- Identify needs of stakeholders for specifications under UNFC
- Develop specifications and guidelines in collaboration with Society of Petroleum Engineers for petroleum and Committee for Mineral Reserves International Reporting Standards for minerals
- Facilitate mapping of other classification systems to UNFC-2009
- Testing and roll-out of UNFC-2009 with review period every 2 years. Technical Advisory Group to monitor and provide expert feedback and advice
- Support International Accounting Standards Board Extractive Activities Research Project
- Education & outreach: conferences & workshops. UNFC Workshop with focus on Central Asia, Caucasus and Mongolia in Almaty, December 2009; Poland and Turkey in 2010
- Explore how UNFC could be used in classifying injection projects

UNFC-2009 & Recipient Reservoirs

- Expert Group established Task Force to research potential use of UNFC in classifying recipient reservoirs – preliminary report will be submitted to EGRC 1st session in April
- UNFC-2009 classifies resources on the basis of the characteristics of projects that will recover them. These characteristics will be largely the same for projects that inject material into recipient reservoirs e.g. natural gas, CO_2
- Principal similarities and hence synergies to be obtained by considering both producing and recipient reservoirs with same system of classification. However, there are <u>important differences between the projects</u>, which is why a separate and careful process is required in order to ensure success
- Insight and expertise of WP on Gas experts highly relevant

First session of EGRC, April

- EGRC would welcome closer cooperation with Working Party on Gas, in particular re underground gas storage
- First session of Expert Group on Resource Classification, Geneva, 28-30 April 2010
- WP on Gas and its experts welcome to participate
- http://www.unece.org/energy/se/docs/egrc1.html
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