

UNECE Ad Hoc Group of Experts on the Harmonization of Energy Reserves and Resources Terminology

Proposed Governance Structure for the Classification and Definition of Fossil Energy and Mineral Resources

Comments by Anibal R Martínez

The global code for the classification and definition of fossil energy and mineral resources by force should be simple, practical and easy to understand. That is exactly what it was done by the Study Group established in 1980 by the World Petroleum Congress (now, World Petroleum Council, WPC), to review the petroleum classification systems in current use at the time. We also considered of necessity to produce a scheme that would be as compatible as possible with the main nomenclatures then in general use.

I agree therefore with the proposal to recommend to the UNECE Committee on Sustainable Energy the establishment of a governing structure based on the UNCF and that it consists of a Governing Board, one professional group for petroleum and another for solid fuels and minerals, and a group for technical support.

The UNCF is a strong code because it should improve resources management, business processes, capital efficiency and common reliable numbers. It recognises the differences between fluids and solids and promotes international understanding of producing countries. The development of natural bitumen is a good example, as it is being gained from the reservoirs in the Orinoco Belt field in Venezuela by routine industry field operations and by mining in Alberta. I agree with the IASB's research project team on the enhancement of the usefulness of reserves/resources information *if common terminology and non-technical assumptions are equally applied to the definitions of minerals and oil and gas reserves/resources* and also with the statement in the draft paper that professional societies *provide quality in classification and definitions*.

Recoverable quantities of petroleum have to be associated with the total accumulation in place in which they exist. In the so-called SPE/WPC/AAPG classification of year 2000*, the recoverable quantities were associated with the results of the corporate programmes undertaken to recover them. *A subtle change*, as your chairman Sigurd Heiberg rightly says, but the realisation of the tight relation between the hydrocarbon resources with the other, the industrial and financial resources in the game.

I propose to the Ad Hoc Group of Experts on the Harmonization of Energy Reserves and Resources Terminology to consider that the World Petroleum Council be a member of the Governing Board. The WPC is an international non-governmental organisation which is a global forum for petroleum technology, economics and management, founded in London in 1933. It is strictly non-political and all its 61 Member Countries are UN Member States. WPC members represent over 90% of the worlds major oil and gas producing and consuming nations of the world. 18th congress two weeks ago in Johannesburg counted 98 countries present and 6644 accredited persons. Mr Eivald Rören said in his closing speech that a code for classification of reserves has been reinforced under UN auspices, the UNCF, supported by the WPC and that *it is important that such a standard be employed universally and preferably also by the international accounting standards community. This is central for consistent and uniform reporting from both business and government*.

* SPE is the Society (International) of Petroleum Engineers and AAPG