

To: Members of the Bureau of the UNECE Expert Group on Resource Classification

From: David MacDonald, Jim Ross and Charlotte Griffiths

**Conference Calls with the Bureau of the
Expert Group on Resource Classification
9am and 3pm 1 December 2011
FINAL MINUTES**

Present on 9am Call:

1. Jim Ross (Chairman)
2. Karin Ask
3. Leesa Carson *representing* Ian Lambert
4. Kjell Reidar Knudsen
5. David MacDonald
6. Yanis Mieзитis *representing* Ian Lambert
7. Charlotte Griffiths

Present on 3pm Call:

1. David MacDonald (Chairman)
2. Ferdi Camisani
3. Dan Diluzio
4. Tim Klett
5. Kjell Reidar Knudsen
6. Jim Ross (until and incl. Item 4)
7. Tim Smith
8. Jeff Tenzer
9. Danny Trotman
10. Charlotte Griffiths

Observer on 3pm Call:

1. Rawdon Seager
2. Danny Trotman

Apologies:

1. Michael Lynch-Bell
2. Fatih Birol
3. David Elliott
4. Mucella Ersoy
5. Tim Klett
6. Ian Lambert
7. Yuri Podturkin

Draft Agenda

1. Approval of draft agenda
2. Draft Minutes of 26 September Bureau Calls
3. Specifications Task Force Phase 2
4. High-Level Mapping of UNFC-1997 to UNFC-2009
5. Task Force on UNFC and Recipient Reservoirs
6. Education and Outreach Activities
 - (a) Communications Sub-Committee

- (b) UNFC Workshop, Ankara, Turkey, 29-30 September 2011
 - (c) IQPC Global Reserves Summit, London, 25-26 October 2011
 - (d) SPE ATCE 2011, Denver, 30 October-2 November 2011
 - (e) CRIRSCO-related meetings, London, 31 October - 3 November 2011
 - (i) Seminar on Competency and International Minerals Reporting, London, 31 October 2011
 - (ii) CRIRSCO Annual Meeting Open Session, London, 1 November 2011 and
 - (iii) Seminar on International Minerals Reporting - Globalisation and Regulation, London, 3 November 2011
 - (f) UNECE Committee on Sustainable Energy, Geneva, 16-18 November 2011
 - (g) WPC, Doha, 4-8 December 2011
 - (h) CCOP-UNECE UNFC Workshop, Bangkok, 9-10 February 2012 (new dates)
 - (i) Reserves Estimation for Unconventional Resources Conference, London, 28 February-1 March 2012
 - (j) EuroGeoSource Workshop, Rotterdam, 8 March 2012
 - (k) Potential UNFC Workshops in India and Mexico
 - (l) Others
7. Preparations for 3rd EGRC Session
 - (a) Programme and Speakers
 - (b) Bureau Meeting
 8. Next Meeting/Conference Call
 9. Any Other Business
 - (a) Bureau Membership
 - (b) Potential Coverage of Geothermal Projects

1. Following advice that Michael Lynch-Bell was unexpectedly unable to join the morning or afternoon Bureau conference calls, it was agreed that Jim Ross would Chair the morning call and David MacDonald the afternoon call.

Item 1: Adoption of the Agenda

2. The agenda was adopted without amendment.

Item 2: Draft Minutes of 9 June 2011 Bureau Calls

3. The minutes were agreed without amendment.

4. Discussion focussed on the posting of the minutes of Bureau conference calls to the UNECE website. The Chair advised that the aim was to produce a set of minutes with limited or no personal attributions and once written approval had been received from Bureau members the minutes could be posted.

5. With this process in mind, it was agreed that the Bureau would be asked to review the draft minutes of the 26 September conference calls and provide written approval that they be published, with the deadline for feedback of as 9 December 2011. Bureau members were in agreement that a silent approval process was not adequate for posting of Bureau minutes and therefore written approval was needed from members present during the call to which the minutes relate.

Item 3: Specifications Task Force

6. An update was provided by the Chair of the Specifications Task Force Phase 2 (STF-2) on the status of the work by the STF-2. The STF-2 Chair noted he had circulated a first text for a number of draft generic specifications and that feedback had been received from all but one of the STF members. The STF-2 Chair indicated he would incorporate all the feedback received into a revised text and would look to seek early agreement on a number of the “easier” generic specifications.

7. With regard to the commodity-specific specifications, the STF-2 Chair noted that SPE has indicated feedback would hopefully be provided by 20 December on the petroleum-specific specifications and CRIRSCO had indicated feedback on the minerals-specific specifications would be provided by end-January 2012.

8. The STF-2 Chair advised that the intent was to keep the number of generic specifications to a minimum (14 were currently being considered by STF-2). It was noted, however that where neither a generic nor a commodity-specific specification was provided justification would need to be provided to the Expert Group on Resource Classification as to why this was proposed.

9. A number of Bureau members expressed concerns that for the issues where CRIRSCO and SPE had both declined to provide a commodity-specific specification then consideration would need to be given to providing a generic specification.

10. The STF-Chair advised that the next STF conference calls would be organized on 19 and 20 December 2011.

Item 4: High-Level Mapping of UNFC-1997 to UNFC-2009

11. A draft high-level mapping of UNFC-1997 to UNFC-2009 had been prepared and circulated to the Bureau for comment on 5 November by the Chair of STF-2. To date, no feedback had been received from Bureau members.

12. The document was prepared following a request for technical advice from a member of the EuroGeoSource Project. A number of project countries are currently using the UNFC of 1997 and now need to update to the 2009 version following the agreement that UNFC-2009 would be used as the harmonizing tool in work package 4 of the project.

13. A number of Bureau members highlighted the importance of the EuroGeoSource Project for UNFC-2009, noting that this was the first international use of the UNFC and would result in the 10 EU project countries either directly applying or being mapped to UNFC-2009, with more EU countries likely to follow, as well as Turkey and perhaps others.

14. It was noted that the EuroGeoSource is organizing a Workshop in Rotterdam on 8 March to which the Chair of STF-2 had been invited to speak.

15. There was agreement that formal approval by the Bureau of this mapping document was needed following which the document would be provided to the Expert Group for information. In view of this it was agreed that the deadline for Bureau comments on the draft high-level mapping document circulated on 5 November would be extended to 19 December.

Item 5: Task Force on UNFC and Recipient Reservoirs

16. The Chair of the Task Force provided an update on its work. A member of the Task Force participated in the 2nd IEA CO₂ Storage Capacity Estimation Seminar in Paris, 16-17 November 2011. The discussion at this seminar focussed on storage capacity with participants agreeing on the need for a common methodology, following which UNFC had been identified as the possible solution. The Bureau noted that confusion seemed to have arisen over capacity estimation and classification. The UNFC could offer assistance in terms of classification, however this would not automatically help in estimating capacity.

17. The SPE representative on the Bureau noted that the SPE has a task force looking at recipient reservoirs and methodology and that it would be useful for the Expert Group Task Force and that of SPE to make contact. It was also noted that follow-up still need to be made with the US DOE regarding its work on CO₂ injection.

Item 6: Education and Outreach Activities

(a) Communications Sub-Committee

18. An update on the activities of the Communications Sub-Committee (CSC) was provided, notably that work was continuing on development of a UNFC Q&A area on the UNECE website as well as on development of the animated UNFC presentation. The next CSC videoconference is planned for 12 December 2011.

(b) UNFC Turkish Workshop, Ankara, 29-30 September 2011

19. It was noted that this event had been successfully organized, largely due to the efforts of Mucella Ersoy. The Minister of Energy and Natural Resources of Turkey opened the Workshop, indicating high-level support for the UNFC. A number of Bureau members participated and delivered presentations. More than 100 Turkish experts from the Government and private and financial sectors participated, with both petroleum and mineral sectors represented.

20. Discussions at the event focussed on Turkey's need for a resource classification system that will allow it to communicate internally across all extractive activities, as well as internationally. The system would also need to meet the needs of both public and Government/national reporting (e.g. for national resource inventories). Significant positive interest was expressed in the UNFC since it meets all these criteria. The Closing Panel recommended that Turkey establish a National Committee comprising representatives from all interested stakeholders to explore how to proceed in the short- and long-term. There is now the potential for the UNFC to be adopted in Turkey in parallel with the CRIRSCO Template SPE-PRMS. In order to ensure that the UNFC meets Turkey's needs, Turkey has been invited to join the Specifications Task Force.

(c) IQPC Global Reserves Summit, London, 25-26 October 2011

21. A presentation on the UNFC was delivered by the UNECE secretariat. Significant interest in the UNFC was expressed by participants both during the Q&A and afterwards and a number of participants requested to join the Expert Group.

22. The representative of Centrica Energy expressed interest in undertaking a case study on the UNFC.

(d) SPE ATCE 2011, Denver, 30 October-2 November 2011

23. The USGS representative on the Bureau delivered a presentation on the UNFC in the form of an e-poster, however the presentation was cut short due to the previous presenters running over time. A Bureau member indicated he had received positive feedback from participants in the audience.

(e) CRIRSCO annual and related meetings, London, 31 October-3 November 2011

24. The CRIRSCO representative on the Bureau noted that the CRIRSCO Board had agreed to continue cooperation with the Expert Group on the UNFC and also that an additional CRIRSCO member should join the Expert Group, notably the CRIRSCO CIM (Canada) representative, Mr. Paul Bankes.

25. It was noted that CRIRSCO had signed an agreement with GKZ (Russian Federation) and GKZ was now a member of CRIRSCO. Mongolia has also expressed interest in joining CRIRSCO, as well as Argentina, the Philippines, Turkey and Ukraine.

26. The Chair of the Bureau delivered a presentation at the Seminar on International Minerals Reporting – Globalisation and Regulation held in London on 3 November.

(f) UNECE Committee on Sustainable Energy, Geneva, 16-18 November 2011

27. The Committee is the Expert Group's parent body. It was noted that whilst the Committee meeting was successful in terms of increased participation and increased interest from UNECE member States, due to lack of agreement between a number of member States the meeting had finished without any decisions or conclusions. In this case the subsidiary bodies such as the Expert Group continue with their existing programmes of work. It was noted that the UNECE is currently undergoing a review by its member States and this will be finalized in July 2012. Decisions will be taken then regarding all programmes of work, including energy and therefore on the UNFC/Expert Group.

(g) WPC, Doha, 4-8 December 2011

28. Due to the Bureau Chair no longer being able to travel to Doha, the Roundtable on "Reserves and Resources Classification: Lessons of New Regulations" is now being moderated by the UNECE secretariat.

(h) CCOP-UNFC Workshop, Bangkok, 9-10 February 2012

29. Following the flooding in Bangkok, the Workshop is now rescheduled for 9-10 February. The event is now also being organized in cooperation with ESCAP (UN Economic and Social Commission for Asia and the Pacific), UNECE's sister Regional Commission, which is in line with the ECOSCOC Decision 2004/233.

(i) Reserves Estimation for Unconventional Resources Conference, London, 28 February – 1 March 2012

30. A presentation on the application of the UNFC to unconventional resources is being delivered by the Chair of STF-2 and the UNECE secretariat will speak on why the UNFC is involved in resource classification.

(j) EuroGeoSource Workshop, Rotterdam, 8 March 2012

31. A detailed presentation on the UNFC is being delivered by the Chair of STF-2. The UNECE secretariat is also attending. Other Bureau members would be welcome to participate if of interest.

(k) Potential UNFC Workshops in India and Mexico

32. The UNECE secretariat is exploring with the National Hydrocarbons Commission of Mexico the possibility of organizing a UNFC Workshop in Mexico City back to back with the SPE ATW on Reserves event, 25-26 September 2012. The potential to organize a UNFC Workshop in New Delhi in 2012 is also being explored.

(l) Others

33. The BP representative on the Bureau noted that he had delivered a presentation on the UNFC at the AAPG International Conference and Exhibition in Milan on 25 October. Whilst the presentation was well received there were few questions from the audience.

34. Attention was drawn to the 19th Annual India Oil & Gas Review Summit and International Exhibition to be held in Mumbai, 6-7 September 2012. The BP representative on the Bureau expressed interest and requested that he be forwarded the details of the event.

Item 7: Preparations for 3rd EGRC Session

(a) Programme and Speakers

35. Discussion focussed on the programme for the meeting. It was agreed that (i) specifications should take priority; (ii) a financial reporting session providing a general update should be included, but should only involve one or two presentations and take around one hour in total; (iii) the SEC would not be invited to speak on this occasion since there would be little new to report on; (iv) sessions on case studies, mapping and education and outreach should also be included.

36. With regard to speakers, it was agreed that (i) the Chair of STF-2 is the preferred speaker to talk on application of the UNFC to unconventional resources; (ii) a representative from the USGS should be invited to speak on geothermal resource classification; (iii) IEA should be invited to speak on CO₂ storage capacity estimation and the work of its Group on this topic. The representative of NPD confirmed that he would provide an update of the Norwegian NPD and Statoil mapping project.

37. It was proposed that a presentation be included on the project to investigate the possible merger of SPE-PRMS and COGEH.

38. The need to ensure that the programme for the meeting was balanced and did not solely focus on the challenges faced by the UNFC was raised, in particular for the benefit of newcomers.

39. It was noted that an IAEA consultancy meeting on the UNFC would again be held back to back with the Expert Group meeting, notably from 31 April-1 May.

40. A proposal was made to deliver a presentation demonstrating that the UNFC can be used to classify alternative energy. The BP representative noted that his company has a business need to communicate both internally and externally the value of renewable projects. Mapping through the UNFC to a commodity that is already well understood could be the best way to do this. This would involve classifying projects and not non-renewable energy – renewable projects have a life span based on facilities, contracts or licenses. So while there are an "infinite" number of projects that could be proposed, evaluating the potential future energy sales associated with any given project is fully within the bounds of UNFC-2009. The representative of GeoScience Australia (GA) advised that GA in collaboration with

economists from another Department published the Australian Energy Resources Assessment, which includes non-renewable and renewable energy resources. The Assessment compares the different energy resources by using a common unit of PJ. The representative agreed to send more information including the link to the Assessment.

(b) Bureau Meeting

41. It was agreed that a Bureau dinner would be organized on 1 May 2012 and additional meetings of the Bureau and/or STF would be organized 2-4 May as needed.

Item 8: Next Meeting/Conference Call

42. The Chair noted that the next Bureau conference calls would be held during the week of 9 January 2012, with another call in early February if needed. An availability message would be circulated as per usual practice.

Item 9: Any other business

(a) Bureau membership

43. A number of changes to the Bureau membership were noted: (i) the USGS representative had advised of his need to retire from the Bureau because of other obligations and a dwindling budget. He indicated that he would continue as a Vice Chair until April 2012. It was agreed that efforts should be made to ensure that the US – and hopefully the USGS – continued to be represented on the Bureau; (ii) the IEA alternate representative had now returned to Schlumberger following a number of years at the IEA on secondment. The IEA Chief Economist and Vice Chair of the Bureau had indicated that he would appoint a new alternate; and (iii) it was noted that a new Chair of the SPE OGRC had recently been appointed. Traditionally the person in this position is the SPE representative on the Bureau. The SPE representatives on the call indicated that they would advise whether the SPE representative on the Bureau would change or not.

(b) Potential Coverage of Geothermal Projects

44. Contact had been made by the Chair of STF-2 with the USGS expert who is working together with the US Department of Energy's Geothermal Technologies Program on development of a classification system for geothermal resources. Interest was expressed by the USGS expert in collaborating with the Expert Group, particularly as the international geothermal effort is currently not consistently coordinated. The Bureau agreed that this was a timely contact and the USGS expert should be extended an invitation to participate in the Expert Group meeting in May 2012 and deliver a presentation on this work.

(c) IAEA Work on Mapping to UNFC

45. It was noted that the IAEA is undertaking extensive activities to map the uranium classification system ("the red book" system) to the UNFC-2009. Hence it would be important that the generic specifications currently being developed by the STF meet the needs of the uranium sector.

(d) Chair of Expert Group on Resource Classification

46. Discussion focussed on the procedures for electing a Chair of the Expert Group. As the Expert Group does not have any "formal" rules of procedure, it was agreed that the secretariat should explore how similar expert groups at UNECE undertake Bureau elections.
