

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

From: Michael Lynch-Bell and Charlotte Griffiths

**Conference Calls with the Bureau of the
Expert Group on Resource Classification
9am and 3pm 26 September 2011
FINAL MINUTES**

Present on 9am Call:

1. Michael Lynch-Bell (Chairman)
2. Karin Ask
3. Roger Dixon *representing* Ferdi Camisani
4. Yanis Mieztis *representing* Ian Lambert
5. Jim Ross
6. Charlotte Griffiths

Present on 3pm Call:

1. Michael Lynch-Bell (Chairman)
2. Dan Diluzio *representing* Jeff Tenzer
3. Tim Klett
4. Grigoriy Malukhin *representing* Yuri Podturkin
5. Jim Ross
6. Tim Smith
7. Charlotte Griffiths

Observer on 3pm Call:

1. Danny Trotman

Apologies:

1. Fatih Birol / John Corben
2. Ferdi Camisani
3. David Elliott
4. Mucella Ersoy
5. Kjell Reidar Knudsen
6. Ian Lambert
7. David MacDonald
8. Yuri Podturkin
9. Jeff Tenzer

Draft Agenda

1. Adoption of the Agenda
2. Draft Minutes of 9 June Bureau Calls
3. Posting of Bureau minutes to UNECE Website
4. Specifications Task Force Phase 2
5. Task Force on UNFC and Recipient Reservoirs
6. Communications Sub-Committee
7. Events Update
 - (a) SPE/AAPG/SPEE Reserves and Resources Estimation and Reporting Symposium in Houston, 19-20 July 2011

- (b) PGI Conference “EU2020 Strategy in Minerals Commodities Management”, Warsaw, 19-20 September 2011
 - (c) UNFC Workshop, Ankara, Turkey, 29-30 September 2011
 - (d) IQPC Global Reserves Summit, London, 25-26 October 2011
 - (e) SPE ATCE 2011, Denver, 30 October-2 November 2011
 - (f) CCOP-UNECE UNFC Workshop, Bangkok, 10-11 November 2011
 - (g) WPC, Doha, 4-8 December 2011
 - (h) E&P Conference, Celle (near Hannover), Germany, 19-20 April 2012
 - (i) 34th International Geological Congress, Brisbane, August 2012
 - (j) Others
8. Next meeting/conference call
 9. Any Other Business

Item 1: Adoption of the Agenda

1. The agenda was adopted without amendment.

Item 2: Draft Minutes of 9 June 2011 Bureau Calls

2. The minutes were agreed without amendment.
3. Clarification was requested on the definition of “consensus” as referred to in the minutes and it was noted that for the EGRC this means 100% agreement.

Item 3: Posting of Bureau Minutes to UNECE Website

3. Discussions on this issue continued from the last Bureau call. It was noted that CRIRSCO makes a summary of its meetings publically available with the detailed minutes being restricted to Board members only. A number of Bureau members were in favour of a bullet point summary of the action items contained in the minutes being prepared and posted, however a number were against this approach since it was, in their view, not in line with the transparent working procedure of the EGRC and Bureau. It was clarified that the intent was not to produce two different sets of minutes, but a summary of the action items in addition to the usual minutes. An alternative that was proposed was to consider reducing the level of detail in the current minutes to a “meeting report” and use that both for internal Bureau purposes and for external publication.
4. It was agreed that for this Call the minutes would be prepared as per normal practice. The summary would then be reviewed by the Bureau to see if it was acceptable to all as a format for posting meeting information to the UNECE website.

Item 4: Specifications Task Force Phase Two

5. The Chair of the Specifications Task Force Phase Two (STF-2) provided an update on the STF-2 status. He noted that, as per paragraph 6 of the minutes of the 9 June Bureau call (provided in italics below), all those STF members not present at the meeting held on pm 7 April in Geneva at the time of the second session of the Expert Group on Resource Classification had now been contacted and, subject to paragraph 6 below, there was full agreement on the text regarding the relationship between UNFC-2009 and CRIRSCO/SPE.

Minutes of Bureau Call, 9 June 2011 para 6: “Following lengthy discussion on this issue, it was clarified that “provisional” had been used since not all STF-II members were present at the meeting on pm 7 April at which the text included in paragraph 26 had been negotiated and agreed upon by those present. Since the STF works on consensus, the missing members of the STF needed to be given an opportunity to review the text and express their views before stating that it was the final version. It was agreed that the absent STF members would be contacted to seek their approval of the text.”

6. The Chair of STF-2 noted that following the EGRC April 2011 meeting, two members of STF-2 had circulated e-mails raising concerns and proposing additional/modified text. The Chair of STF-2 further noted that discussion within the STF would be needed on these issues – it was hoped they could be addressed through the specifications themselves.

7. The Chair of STF-2 advised he had requested feedback from CRIRSCO and SPE on the status of their consideration of issues for possible commodity-specific specifications. CRIRSCO planned to address this at its Board meeting at the end of October and then revert with feedback shortly thereafter. SPE had indicated it intended to respond once the Applications Document had been finalized as a fully supported publication by the sponsoring societies, which was anticipated in the near future.

8. In terms of the future work of the STF, the Chair of STF-2 noted that this to a degree depends on which issues CRIRSCO and SPE agree to cover since this will then dictate what will then need to be covered by generic specifications. The Chair of STF-2 further noted that in his view a distinction needed to be made between specifications applying to Government reporting and those applying to corporate reporting.

9. A conference call of the STF would be organized prior to the next Bureau call.

Item 5: Task Force on UNFC and Recipient Reservoirs

10. The Chair of the Task Force provided an update on the work of the Task Force, in particular its conference call of 22 June. The key focus of the discussions was the socio-economic E-axis and the fact that this probably represents the greatest challenge for CO₂ or other waste injection projects, where the project cost is likely to be much higher than any potential income or saving, at least in the foreseeable future. The possibility of a “mirrored” E-axis, reflecting changes in net cost rather than income, was one idea put forward. Alternatives were to either not use the E-axis at all, or to simply accept the difference and define the E-axis categories in such a way that they represent both cost levels and the social and environmental aspects of the injection project.

11. The issue of risk and how it might be built into the G axis was also addressed and an example of a classification based on a maturation pyramid, in which the term “safe storage” was introduced.

12. It was noted that a first draft of possible definitions and supporting explanations for the F-axis or project feasibility was also briefly discussed, and the agreement so far in the Task Force is that application of the F-axis is likely to be much more straight forward and very similar to an extraction project. Some terms do however need to be clarified and possibly defined if used as proposed, such as “capacity” which can represent either a volume or a rate (volume/time).

13. The Task Force plans to contact the Chair of the SPE OGRC to learn more about ongoing discussions in the US DOE on the subject of CO₂ injection and in particular challenges related to the social and economic side (E-axis).
14. The Chair of STF-2 noted that the injection rate is equivalent to the production rate of a reservoir. He encouraged the Task Force to look at the IAEA Red Book since there could be some synergies with the approach used in the uranium industry based on ranges of the cost of recovery.
15. A Task Force conference call was planned in the coming weeks.
16. It was agreed that the minutes of meetings and conference calls of the Task Force would be circulated to the Bureau for information.

Item 6: Communications Sub-Committee

17. An overview of the CSC videoconference held on 15 September was provided. The discussions focussed on (i) delivering presentations on the UNFC at minerals and petroleum conferences worldwide; (ii) organizing national and regional UNFC workshops; (iii) progress on development of the animated UNFC presentation; (v) preparing UNFC articles for journals and technical publications; and (vi) development of a UNFC Q&A area on the UNECE website.

Item 7: Events Update

(a) SPE/AAPG/SPEE Reserves and Resources Estimation Symposium, Houston, 19-20 July 2011

18. It was noted that this event had focused on SEC reporting issues with limited discussion of global issues and hence little interest had been shown in the UNFC.

(b) PGI Conference “EU2020 Strategy in Minerals Commodities Management”, Warsaw, 19-20 September 2011

19. The UNECE Secretariat and John Barry (representing CRIRSCO) delivered a joint presentation on the “UNFC and its Application to Minerals”. Significant interest was expressed in the UNFC, in particular from the European geological surveys (the meeting was held back to back with the EuroGeoSurveys annual meeting). During the closing panel, a number of delegates requested the European Commission to legislate the UNFC – the EC representative indicated that this was not its agenda, however it was happy to promote the system and collaborate with the Expert Group on Resource Classification.

20. Sibelco Europe was represented at the conference – the representative indicated the possibility of undertaking a case study on the UNFC applied to a non-energy mineral deposit.

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

21. It was noted that organization of this event was progressing well thanks to the efforts of the representative of TKI on the Bureau. The Minister of Energy and Natural Resources was scheduled to deliver the Opening Remarks, indicating high-level support for the UNFC. A number of Bureau members are scheduled to deliver presentations.

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

22. The representative of the UNECE secretariat advised that she had been invited to deliver a presentation on the UNFC at this event.

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

23. It was noted that the USGS representative on the Bureau was scheduled to deliver a presentation on the UNFC at this event.

(f) UNFC Workshop in collaboration with CCOP, Bangkok, November 2011

24. The dates for this joint Workshop are now confirmed as 10-11 November 2011. Speakers and Workshop Co-Facilitators have been secured: presentations will cover the UNFC and its application to petroleum and minerals, the CRIRSCO Template and its relationship with the UNFC and the SPE-PRMS and its relationship with the UNFC.

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

25. Progress is continuing on the organization of the Roundtable on “Reserves and Resources Classification: Lessons of New Regulations” to be moderated by the Chair of the Bureau.

(h) E&P Conference, Celle (near Hannover), Germany, 19-20 April 2012

26. Martin Hubbig (RWE) had drawn attention to this event – the key annual E&P conference in Germany – requesting that an introductory presentation on the UNFC be delivered, following which he would then present the Mittelplate Case Study. It was agreed that it would be useful for the UNFC to be presented at this conference and abstracts should be submitted.

(i) 34th International Geological Congress, Brisbane, August 2012

27. The representative of the UNECE secretariat noted that, together with Peter Stoker (AMC Consultants Pty Ltd & JORC), she was a Co-Convenor of symposium number 7.3 "Resource and reserve reporting, international codes and the valuation of mineral assets". The keynote speakers had now been secured, including a number of Bureau members.

(k) Others

28. Hanson Wade is organizing a conference on “Reserves Estimation for Unconventional Resources” in London, 27-28 March 2012 as a follow-up to the event it organized in Houston in August. Both the Chair of STF-2 and the representative of the UNECE secretariat have agreed to participate.

29. The AAPG Annual Convention and Exhibition will be held in Long Beach, California, 22-25 April 2012. The Chair of the Communications Sub-Committee is seeking to secure a presentation on the UNFC.

30. The representative of the UNECE secretariat advised she was in contact with the Ministry of Mines in India regarding the potential organization of a workshop in India in 2012 on the UNFC and its application in India. It was noted that "Draft Comprehensive Guidelines for Reporting of Mineral Reserves & Resources under the UNFC System" had been posted to the Ministry of Mines of India website at the end of August 2011 with a 20-day comment period. These draft Guidelines posed a cause for concern since terminology had been used that was potentially confusing, for example the use of the word “reserves”, as well as terminology not included in either the UNFC or the CRIRSCO Template. With the

input of a number of Bureau members a response had been submitted within the comment period.

Item 8: Next Meeting/Conference Call

31. The Chair noted that the next Bureau conference calls would be held on 1 December 2011.

Item 9: Any other business

32. The Bureau was advised that the submission deadline for the list of official documentation (i.e. documents to be translated into French and Russian) foreseen for the third session of the EGRC (2-4 May 2012) is 30 September. It was agreed that the documentation list would cover specifications (two documents), Communications Sub-Committee update, use of the UNFC for classifying injection projects, financial reporting and case studies on application of the UNFC.

33. It was noted that the submission deadline for the provisional agenda for the third session is 6 February 2012 and 20 February for all other official documentation, hence the relevant documents would need to be finalized at least 5 working days before these dates to allow for editing and formatting.

34. The SPEE representative on the Bureau provided an update on the project to investigate the possible merger of SPE-PRMS and COGEH. This project is being undertaken by the SPEE Reserves Definition Committee (RDC), which is Chaired by the SPEE representative on the Bureau. As a first step in the process, an RDC study group composed of Ad Hoc RDC Members, John Etherington and Dave Elliott, prepared a detailed document for this Committee outlining the similarities and differences between the two systems. The full RDC is reviewing that work. SPEE now needs to decide whether a merger is both desirable and feasible. There are two main areas that require resolution: (i) projects which are better dealt with in PRMS but are essentially focussed on Business Processes and financial needs, and (ii) "implied" probabilities for evaluations and aggregations. In addition, neither PRMS nor COGEH adequately deal with the needs of Government resource management or Resource Studies. Although COGEH contains some material on Unconventional Resources (CBM and shortly, bitumen), more is needed (e.g. shale gas). The challenge of making PRMS suitable for disclosure purposes was also highlighted. It was stressed that this project had yet to be discussed with the PRMS partners (discussions with the SPE OGRC are anticipated in early 2012) and that no changes would be made to the PRMS before the next scheduled PRMS update.

35. The Chair advised he is retiring from Ernst & Young in June 2012. In the event that he is unable to find a company/organization to sponsor his involvement with the UNFC/EGRC then a new Chair of the EGRC would need to be found.
