

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

From: Michael Lynch-Bell, Jim Ross and Charlotte Griffiths

<p style="text-align: center;">Conference Calls with the Bureau of the Expert Group on Resource Classification 9am and 3pm 11 January 2012 FINAL MINUTES</p>

Present on 9am Call:

1. Michael Lynch-Bell (Chairman)
2. Ferdi Camisani
3. Leesa Carson *representing* Ian Lambert
4. Kjell Reidar Knudsen
5. David MacDonald
6. Grigoriy Malukhin *representing* Yuri Podturkin
7. Yanis Miezitis *representing* Ian Lambert
8. Jim Ross
9. Charlotte Griffiths

Observer on 9am Call:

1. Danny Trotman

Present on 3pm Call:

1. Michael Lynch-Bell (Chairman, Items 1-5 during pm call)
2. David Elliott
3. Kjell Reidar Knudsen
4. Jim Ross (Chaired from Item 6 onwards during pm call)
5. Jeff Tenzer
6. Charlotte Griffiths

Observers on 3pm Call:

1. Dan Diluzio
2. Rawdon Seager

Apologies:

1. Karin Ask
2. Fatih Birol
3. Mucella Ersoy
4. Tim Klett
5. Ian Lambert
6. Yuri Podturkin
7. Tim Smith

Draft Agenda

1. Approval of draft agenda
2. Draft Minutes of 26 September (final version circulated 30 Dec 2011) and 1 December Bureau Calls
3. Specifications Task Force Phase 2
4. High-level Mapping of UNFC-1997 to UNFC-2009
5. Third EGRC Session (Geneva, 2-4 May 2012)

6. Rules of Procedure for EGRC
7. EGRC Membership
8. Education and Outreach Activities
 - (a) Communications Sub-Committee
 - (b) WPC, Doha, 4-8 December 2011
 - (c) Meeting with the Dutch Special Envoy on Natural Resources, London, 11 January 2012
 - (d) Conference "Uzbekistan and Europe: Perspectives for Development in the Fields of Transport and Energy", Geneva, 17 January 2012
 - (e) UNECE Working Party on Gas, 24-25 January 2012
 - (f) CCOP-UNECE UNFC Workshop, Bangkok, 9-10 February 2012
 - (g) Others
9. Any Other Business
10. Timing of Next Conference Call

Item 1: Adoption of the Agenda

1. The agenda was adopted without amendment.

Item 2: Draft Minutes of 26 September 2011 and 1 December 2011 Bureau Calls

2. It was noted that a revised version of the minutes of the 26 September call were circulated on 30 December 2011 and in the absence of any additional comments the minutes were now *final* and posted to the UNECE website.
3. With regard to the minutes of the 1 December call, the CRIRSCO representative requested that paragraph 25 be modified to read as follows: *Paragraph 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.*"
4. With regard to the minutes of the 1 December call, the SPE representative drew attention to paragraph 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."* He requested assurance that any generic specifications developed would not be in conflict with either the PRMS or the CRIRSCO Template. He did not wish the 1 December minutes to be modified but requested that his comments be noted on this call.
5. Aside from the feedback noted in paragraphs 3 and 4 above, no additional amendments were requested.
6. It was agreed that henceforth when Bureau members approved Bureau minutes implicit approval is also being given for the minutes to be posted to the UNECE website.

Item 3: Specifications Task Force

7. An update was provided by the Chair of the Specifications Task Force Phase 2 (STF-2) on the status of the work of STF-2. The STF-2 Chair noted that on 3 January he had circulated a summary report of the calls held on 19 and 20 December 2011, this had also been copied to the Bureau. Feedback had now been received on all the initial 14 generic

specifications and a revised version of all 14 was being prepared with the goal that the more straightforward specifications could be agreed relatively quickly and then efforts could be focussed on achieving a solution to the more “tricky” ones. Consideration is being given to the STF also reviewing if generic specifications might be appropriate for the following issues: numbers 1, 21, 32, 40, 49 and 50.

8. In the context of completing the specifications document, it was reminded that the following future activities of the STF-2 were to include: (i) generic specifications; (ii) bridging documents – SPE and CRIRSCO; (iii) glossary of terms; (iv) assigning sub-groups to complete tasks; and (v) issuing the draft generic specifications for public comment. Two sub-groups of STF-2 have now been established to ensure progress is made on points (ii) and (iii). The BP representative agreed to lead the sub-group on the PRMS bridging document, with the help of the ASC and SPE representatives. Efforts will be made to ensure that both bridging documents follow a common format. A sub-group was also established to address the need for a glossary of terms, this is led by the E&Y representative with the NPD representative assisting. The work of the sub-groups will be undertaken as soon as work schedules allow.

9. The CRIRSCO representative indicated that a revised version of the CRIRSCO Template, incorporating new definitions for reserves, resources etc, was envisaged in the near future. He noted that the minerals specifications had now been drafted and were being reviewed by the CRIRSCO Board, the envisaged timing for submission to the STF was now mid-February. The “minerals” bridging document had now been drafted and would be sent to the sub-group on the PRMS bridging document, with a copy to the STF-2 Chair.

10. The SPE representative requested that the STF summarize all outstanding issues at its next meeting so that a priority list can be prepared with a view to ensuring the key issues are completed first. To clarify the situation, the STF-2 Chair undertook to send the SPE representative all the STF documents which explain the issues being addressed by the STF, as well as proposed future action.

11. The STF-Chair advised that the next STF conference calls would be organized in the first half of February 2012.

12. The STF-2 and, in particular, the Chair, were thanked for their ongoing efforts.

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

13. The STF-2 Chair advised he had received useful feedback on the draft “High-Level Mapping of UNFC-1997 to UNFC-2009” document he had prepared. This feedback had been incorporated and a new draft circulated to which he had received no additional comments. Since it was purely a factual report, the document was approved by the Bureau. It was noted that the document would now be formatted according to the UN documents template. Once this was completed, it was agreed that the document should be sent to EuroGeoSource as soon as possible. It was also agreed that it could be submitted as an official document for the EGRC third session for the information of the EGRC.

Item 5: Third EGRC Session (Geneva, 2-4 May 2012)

14. Feedback was provided on the draft provisional agenda for the meeting circulated prior to the call. It was agreed: (i) the Tour de Table at the start of the session, whilst time

consuming, should be continued; (ii) an agenda item should be added on potential application of the UNFC to renewable energy resources, a presentation on the work being undertaken by USGS and US DOE's Geothermal Technologies Program to update the classification of geothermal resources and possible collaboration with the EGRC would be included here; and (iii) an agenda item should be added on the work of the IAEA to map the UNFC to uranium and thorium resources. It was agreed that a revised version of the draft provisional agenda would be circulated for further comment and/or approval. It was noted that the final version would need to be submitted for translation on 6 February 2012.

15. Members were requested to provide feedback on whether the third EGRC meeting should follow a new format, but all were in favour of keeping the current format unchanged.

16. Members noted the need to provide an opportunity for EGRC members to provide feedback on their experience of using/testing the UNFC. A briefing session for newcomers was thought to be essential by many members. Whilst a briefing session would be organized immediately prior to the opening of the EGRC meeting (as per previous EGRC meetings), it was agreed that the Chair should also include details of the status of development of the UNFC in his opening remarks. This would be reflected on the provisional agenda.

17. The merits of circulating an evaluation form to participants at the end of the meeting were discussed.

18. In relation to Item 7 "Specifications for UNFC", the SPE representative advised that he would like the relationship of the CRIRSCO Template and SPE-PRMS to the UNFC to be covered i.e. how the two systems link into the UNFC. The SPE representative underlined his desire for the STF-2 Chair to introduce his presentation on Specifications using exactly the same slide covering the linkage mechanism as delivered at the second session in April 2011 – he felt that this would ensure the EGRC has clarity on the issue and that the discussions at the third session would commence from where they had finished last April. The STF-2 Chair advised any presentation he delivered would be a factual presentation of the specifications documents currently being prepared by the STF.

Item 6: Rules of Procedure for EGRC

19. The UNECE representative referred to the Briefing Note on Membership of the EGRC Bureau that she had circulated prior to the call. This note had originally been distributed to the Bureau in April 2010. For ease of reference, the note is provided in full below:

Membership

The Bureau of the Expert Group on Resource Classification (EGRC) comprises a Chair and a number of Vice Chairs such that the full spectrum of stakeholders in the Expert Group is adequately represented on the Bureau. The stakeholders include: governments (both ECE and non-ECE member states), industry/business/private sector, organizations involved with financial reporting, organizations involved with producing international energy and minerals studies, professional societies and individual experts. It has been previously agreed that the SPE OGRC and CRIRSCO each have one seat on the Bureau. Attention is also paid to ensuring good geographic spread, as well as balance with regard to representation from the minerals and petroleum sectors. The Bureau also appoints additional "extended" members when required to fulfill certain tasks.

Period of Membership

There are currently no set UNECE rules for this. It is up to the Expert Group to decide based on a balance between stability and continuity on the one hand, and on the other hand, fresh ideas and rotation so that different experts/countries have the opportunity to serve on the Bureau.

Bureau "Election of Officers"

This is historically undertaken on a consultative basis with delegates in advance of the meetings. There is, however no formal UNECE process for the election of officers. In order to facilitate the process, the Bureau annually comes up with suggestions for its membership, with due regard for broad stakeholder, geographic, minerals and petroleum representation. The "Election of Officers" agenda item serves to put forward to the Expert Group the *proposed* list of names and seek any additional names. It is emphasized that the names put forward are just proposals for the consideration of the Expert Group. The "election" itself is to seek the advice and confirmation of the EGRC whether they are happy with the names being proposed. It is an election, but not a vote. The full composition of the Bureau is shared with the Expert Group at all its meeting for reasons of transparency."

20. It was agreed that the membership of the Bureau should be discussed by the Bureau well in advance of any elections and that it was the Bureau's responsibility to ensure appropriate candidates were found when needed and put forward for election. The Chair proposed, in view of the importance of the issue, that this should be a rolling agenda item on all Bureau calls.

21. It was noted that the EGRC's preferred way of reaching decisions is by consensus, which may be defined as a general agreement characterized by the absence of formal objection to substantial issues. Deciding by consensus is a compromise process that involves seeking to take into account the views of all parties concerned; and to reconcile conflicting arguments. It was noted that consensus is not to be equated with unanimity. If consensus cannot be reached, the matter would need to be decided upon by the parent body of the EGRC, the Committee on Sustainable Energy; however, there was general agreement that such a situation was preferably avoided and all efforts should be made to seek consensus where possible.

22. The representative of CRIRSCO requested the Chair to make it very clear during EGRC meetings when an issue was going to be discussed for recommendation or decision. The Chair was also encouraged to ensure that EGRC members offer alternatives when not in agreement with any proposal being put forward during the meeting.

Item 7: EGRC Membership

23. The UNECE representative noted that participation in the EGRC is open to all interested parties. Not allowing an expert to participate would require a statement as to why the credentials of the expert were being rejected.

Item 8: Education and Outreach Activities

(a) Communications Sub-Committee

24. An update on the activities of the Communications Sub-Committee (CSC) was provided, notably that work was continuing on the development of a UNFC Frequently Asked Questions (FAQs) area on the UNECE website as well as on development of the animated UNFC presentation. The next CSC videoconference is planned for 12 January 2012.

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

25. The UNECE representative, who moderated Round Table 5 “Reserves and Resources Classification – Lessons of New Regulations” on 8 December provided feedback on the event. The need for the UNFC and its benefits were highlighted in some way by the five panellists: Bente NYLAND, Director General, Norwegian Petroleum Directorate; Bernard SEILLER, Vice President – Reserves, Total SA; Andy BROGAN, Partner-in-Charge, Oil & Gas Transaction Advisory Services, Ernst & Young; Douglas CARSTED, Vice President Geoscience, Sproule, Canada; and Ivan SANDREA, President, Energy Intelligence. It was noted that an article on the Round Table had been prepared by the secretariat and issued in UNECE Weekly No. 458. The WPC was a positive event for the UNFC with interest expressed by a number of participants in contributing to the work of the EGRC.

(c) Meeting with Dutch Special Envoy on Natural Resources, London, 11 January 2012

26. The Chair advised that he was meeting shortly with the Dutch Special Envoy on Natural Resources in London.

(d) Conference "Uzbekistan and Europe: Perspectives for Development in the Fields of Fields of Transport and Energy", Geneva, 17 January 2012

27. The UNECE representative advised that she would deliver a presentation on the UNFC at this event.

(e) UNECE Working Party on Gas, 24-25 January 2012

28. The UNECE representative advised that she would deliver a presentation on the UNFC at this event.

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

29. Arrangements for the Workshop were progressing well. All the UNFC speakers were now confirmed: Per Blystad (NPD), Ian Lambert (GeoScience Australia) and Satinder Purewal (Energy Equity Resources and SPE).

(g) Others

30. It was agreed that an abstract should be submitted for the SPE Annual Technical Conference and Exhibition (ATCE) 2012, San Antonio, Texas, USA, 8-10 October 2012. The UNECE representative undertook to find a speaker and facilitate submission of an abstract.

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

Item 9: Any other business

32. The SPE representative indicated that a possible change to the SPE representative on the Bureau may be advised in view that a new Chairman of the SPE OGRC had recently been appointed – the SPE OGRC Chair has traditionally been the Bureau representative.

33. The ASC representative provided an update on issues of relevance in Canada. He noted that COGEH guidelines on the classification and evaluation of bitumen were in the final stages of review and are expected to be issued shortly. A meeting was held with representatives of the Alberta Securities Commission, the Canadian National Energy Board

and the Alberta Energy Resources Conservation Board, to discuss the extent to which PRMS, as the oil and gas standard for the UNFC, satisfies the needs of Financial Users, Government Resource Management and Resource Studies. It was concluded that, at the present time PRMS does not adequately serve these needs and would not be adopted by any of these organisations without further development. The ASC had issued an updated CSA Staff Notice 51-327, that can be found on the ASC website, on disclosure focussed on unconventional resources.

34. It was noted that an AAPG representative had recently contacted a number of Bureau members seeking information on evaluation and disclosure of geothermal resources.

35. The representative of BP advised that his company is interested in applying a resource classification to renewable energy resources and is planning to assess the suitability of the UNFC for this purpose.

Item 10: Next Meeting/Conference Call

35. The Chair noted that the next Bureau conference calls would be held during the first half of March 2012. An availability message will be circulated as per usual practice.
