

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

From: Michael Lynch-Bell and Charlotte Griffiths

<p>Conference Calls with the Bureau of the Expert Group on Resource Classification 9am and 3pm 13 March 2012 FINAL MINUTES</p>

Present on 9am Call:

1. Michael Lynch-Bell (Chairman)
2. Karin Ask
3. Leesa Carson *representing* Ian Lambert
4. Dan Diluzio *representing* Jeff Tenzer
5. Capella Festa *representing* Fatih Birol
6. David MacDonald
7. Yanis Miezitis *representing* Ian Lambert
8. Yuri Podturkin
9. Jim Ross
10. Charlotte Griffiths

Observer on 9am Call:

1. Grigoriy Malukhin
2. Danny Trotman

Present on 3pm Call:

1. Michael Lynch-Bell (Chairman)
2. Ferdi Camisani
3. David Elliott
4. Jim Ross
5. Tim Smith
6. Jeff Tenzer
7. Charlotte Griffiths

Observers on 3pm Call:

1. Dan Diluzio

Apologies:

1. Fatih Birol
2. Mucella Ersoy
3. Kjell Reidar Knudsen
4. Ian Lambert

Draft Agenda

1. Approval of draft agenda
2. Draft Minutes of calls of 11 January 2012 (as circulated 6 March 2012)
3. Specifications Task Force Phase 2
4. Third EGRC Session (Geneva, 2-4 May 2012)
5. Bureau Membership
 - (a) Recent changes
 - (b) Proposals for Chair

6. Education and Outreach Activities
 - (a) Communications Sub-Committee
 - (b) CCOP-UNECE-ESCAP UNFC Workshop, Bangkok, 9-10 February 2012
 - (c) Reserve Estimation for Unconventional Resources Conference, London, 29 February - 1 March 2012
 - (d) Upcoming Events
7. Dates for 4th EGRC Meeting in 2013
8. Any Other Business
9. Timing of Next Conference Call/Meeting

1. Prior to moving into the formal agenda, the Chair welcomed the new Alternate Representative of the IEA, Ms. Capella Festa, who was participating on her first Bureau call. She briefly introduced herself noting that she was on secondment at the IEA from Schlumberger. Ms. Festa was warmly welcomed by all to the Bureau.

Item 1: Adoption of the Agenda

2. The agenda was adopted without amendment.

Item 2: Draft Minutes of 11 January 2012

2. The draft minutes as circulated on 6 March 2012 were approved without amendment and would hence be posted to the UNECE website.

Item 3: Specifications Task Force

3. 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 on the five key areas being addressed:
 - (i) CRIRSCO/SPE/UNFC linkage text, (ii) generic specifications, (iii) bridging documents, (iv) glossary of terms, and (v) explanatory report outlining the basis for establishing specifications for the UNFC. Items (i) to (iv) are to be combined in one document.

Linkage text

4. It was noted that a number of comments had been received which would need to be assessed with a view to finding common ground. Flexibility from stakeholders will be needed/key in order to reach consensus on a final text.
5. During the ensuing discussion the BP representative expressed his view that good progress had been made on the linkage text and that the PRMS bridging document may serve to respond to the concerns of the NPD. This view was supported by a number of other Bureau members.
6. The SPE representative noted that the SPE OGRC and the SPE Board were both surprised and disappointed this text had been “re-opened”, in particular in view of the email message of 17 June 2011 sent by the UNECE secretariat to the CRIRSCO representative which implied that the linkage text had been agreed by all STF members. The UNECE secretariat representative advised that she would retract her e-mail of 17 June 2011 since the concerns expressed by the representatives of the NPD and the Alberta Securities Commission during and immediately after the STF meeting on 7 April had in fact not yet been addressed when she circulated the message. The SPE representative urged that the linkage text be agreed upon as soon as possible. In response the STF Chair noted that the linkage text had not been “re-opened” since the NPD and ASC comments had been on the table since 7 April

2011. It was agreed that it was unfortunate this situation had arisen and it was key for the text to be finalized as soon as possible.

Generic specifications

7. Good progress has been made on the 20 generic specifications, the text of more than half of which has now been agreed upon. The key area outstanding relates to those specifications that CRIRSCO agreed to address. It was proposed that “pending CRIRSCO feedback” should be included where appropriate – CRIRSCO indicated it would not be able to provide feedback prior to the EGRC meeting in May. The CRIRSCO representative advised he had sent the STF Chair a copy of the text relating to issue number 40 on mining of liquids from solid deposits, however feedback had not yet been received from other CRIRSCO members. The CRIRSCO representative agreed to send the STF Chair the draft text of the revised CRIRSCO specifications on the understanding that none of the text would be shared with others until all the CRIRSCO members had approved it. The SPE representative noted that the SPE was generally happy with the wording of the generic specifications and that just a few wordsmithing issues remained.

Bridging documents

8. CRIRSCO has prepared a draft text for the CRIRSCO bridging document. The PRMS document is currently being developed. The STF Chair noted that there will be a need to ensure a common format for the two documents, to the extent possible.

Glossary of terms

9. This is anticipated to be quite short, probably less than a page in length, with only those terms specific to the UNFC being defined.

Explanatory report

10. This report outlines the basis for establishing specifications for the UNFC and justifies the position taken by the STF. This report was noted to be a lower priority than the other areas of work currently being addressed by the Task Force. An updated version would be ready for circulation to the Expert Group prior to the May session.

11. It was noted that the STF reports to the Bureau and hence the draft specifications documents would need to be circulated to the Bureau for approval prior to circulation to the EGRC. The Bureau, it was noted, relies on the STF for guidance on when the STF documents, including the linkage text, should be elevated to the Bureau for a decision and also when it needs assistance if discussions are not moving forwards.

12. The STF-Chair advised that the next STF conference calls would be held on 21 March 2012.

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

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

14. It was noted that the provisional agenda and other official documentation for the meeting is now posted to the UNECE website.

15. The draft detailed timeline circulated by the UNECE secretariat was presented. It was noted that the one hour Financial Reporting session had been inadvertently omitted.

16. The SPE representative reminded the Bureau it had previously noted the need to provide an opportunity for EGRC members to give feedback on their experience of using/testing the UNFC. He also drew attention to the idea previously raised of circulating an evaluation form during the EGRC meeting.

17. The representative of GKZ indicated that he would revert regarding the possibility of organizing a UNFC Workshop in the Russian Federation in 2012/2013.

18. The representative of GeoScience Australia advised that a presentation would be delivered on national reporting of identified mineral resources in Australia and how this draws on, but differs from, company reporting.

19. Detailed discussion took place on how best to table the discussions on specifications. It was agreed that it would be useful for the NPD-Statoil detailed UNFC case study to take place on the first day since it would provide good context and perspective for the specifications work. It was also agreed that decisions relating to specifications could usefully be held on day two or early on day three, hence leaving most of day three, when a number of EGRC members may have to leave early, to more routine and “for information” issues.

20. The SPEE representative advised that a detailed presentation on the SPEE study on the possible merger of SPE-PRMS with COGEH was not appropriate at this stage and a five minute “for information” intervention would be acceptable.

21. Sponsors were sought for the Cocktail Reception on 2 May and for coffee breaks 2-4 May. The Chair kindly offered that Ernst & Young would co-sponsor the reception. The Secretariat was asked to circulate an indication of the price of a coffee break.

22. It was agreed that preparations should be made in the event that meetings of the Bureau and/or STF during the lunch breaks 2-3 May are needed.

Item 5: Bureau Membership

23. The Chair advised of recent changes to the Bureau membership: the new IEA alternate representative, Capella Festa, who has replaced John Corben following his return to Schlumberger; Tim Klett, USGS, recently stepped down as Vice Chair – the USGS will advise of a replacement in due course. A number of retirements are also envisaged – notably Dave Elliot in May/June 2012 and Ian Lambert in September 2012. Dave indicated his willingness to remain on the Bureau. Ian had advised that Leesa Carson would be his successor.

24. The Chair noted the need to ensure all the EGRC constituencies and stakeholders are represented on the Bureau with due regard for solid minerals and oil and gas, and a geographical and public/private balance. With regard to geographical representation it was observed that a number of regions are currently not represented on the Bureau including Asia. Consideration was given to inviting the Director of the CCOP Technical Secretariat to join the Bureau. It was requested that background information on CCOP be provided to the Bureau. The Chair also noted the need to put a mechanism in place whereby new members could be accepted to join the Bureau between EGRC sessions.

25. The Chair confirmed he is retiring from Ernst & Young in June 2012 and hence he would regretfully need to step down from the Bureau at the end of the Third Session, following three years as Chair. He advised that he would be willing to continue as a Bureau

member if there was an interest and agreement from the Bureau in him doing so. Members were requested to communicate with the UNECE secretariat if they were in agreement or otherwise with this. Members noted their regret that the Chair was stepping down, expressed appreciation for his efforts, and indicated that it very appropriate, and common practice, for an outgoing Chair to remain on the Bureau in order to allow for a smooth transition with the incoming Chair.

26. Volunteers to take over as Chair were requested. It was noted that David MacDonald from BP had indicated his willingness for his name to be put forward – this nomination received immediate support from a number of members. It was further noted that any nominees would need to be an active member of the EGRC, have participated in at least one EGRC meeting, have a good understanding of the UNFC, be able to travel and be willing to deliver presentations on the UNFC. The Chair urged the Bureau consider the issue of his replacement carefully and requested members to submit proposals/nominations for new Chair by email or phone. He noted that his aim was to achieve consensus on a successor at the next Bureau meeting.

Item 6: Education and Outreach Activities

(a) Communications Sub-Committee

27. 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 23 March 2012.

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

28. The Workshop on UNFC Resource Classification (for Oil, Gas and Minerals) was successfully organized by the Coordinating Committee for Geoscience Programmes in East and South-east Asia (CCOP), under its Enhancing Public Petroleum Management Programme (funded by the Norwegian Government). The event was held in cooperation with UNECE and UNESCAP. Government representatives from the minerals and petroleum sectors from Cambodia, China, Indonesia, Korea, Lao People's Democratic Republic, Malaysia, the Philippines, Thailand and Vietnam participated in the two-day event. Per Blystad (NPD) and Ian Lambert (GeoScience Australia) were the workshop petroleum and minerals facilitators respectively, as well as presenting the UNFC and the CRIRSCO Template. Satinder Purewal (Energy Equity Resources and SPE) spoke on the PRMS and its relationship to the UNFC, with the UNECE secretariat representative also delivering a number of presentations. A press release and UNECE Weekly article were issued on the event – both, together with the Workshop presentations, are posted to the UNECE website.

(c) Reserve Estimation for Unconventional Resources Conference, London, 29 February – 1 March 2012

29. The STF Chair and the UNECE secretariat representative delivered presentations on the UNFC. This event demonstrated the increasing number of experts who have now heard of the UNFC. A large number of questions were posed on the UNFC which offered a good opportunity to provide additional clarification and to reinforce the fact that the alignment between the UNFC and PRMS means the two systems can be used in parallel and that they are not in competition with each other.

(d) Others

30. The EuroGeoSource International Workshop “Security of Energy and Minerals Supply – Political and Economic Aspects” was held in Rotterdam, the Netherlands, 8 March 2012.

The STF Chair delivered a detailed presentation on the UNFC. The EuroGeoSource project countries are using different classification systems and hence a harmonizing tool is needed between the different systems and between minerals and petroleum. This project, for which the UNFC has been selected as the harmonizing tool, demonstrates that the UNFC is ideally suited to harmonization at a high level.

Item 7: Dates for 4th EGRC Meeting in 2013

31. Bureau members considered two sets of potential dates for the 2013 meeting of the Expert Group: 10-12 April 2013 and 1-3 May 2013. The consensus was to seek to hold the 4th Session on 10-12 April 2013. It was noted that these dates were subject to room availability at the Palais des Nations.

Item 8: Any other business

32. No issues were raised.

Item 9: Next Meeting/Conference Call

33. The Chair noted that the next Bureau conference calls would be held during the period 11-18 April 2012. An availability message will be circulated as per usual practice.
