

Republic of Kazakhstan

Implementation of international reserve reporting system for hydrocarbons.



RESOURCE MANAGEMENT WEEK 2021
ENABLING SUSTAINABILITY PRINCIPLES IN RESOURCE



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The Republic of Kazakhstan



Plan of the Nation - 100 Concrete Steps to Implement Five Institutional Reforms.

The 74th step of the Nation Plan is aimed at increasing the transparency and predictability of the subsoil use sector through the introduction of the CRIRSCO international reporting system for solid minerals and international system for hydrocarbon reserves.



The 74 step



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In 2015, the First President of the Republic of Kazakhstan Mr. Nursultan Nazarbayev announced the **Plan of the Nation - 100 concrete steps to implement five institutional reforms.**

The First President noted that this is a response to global internal challenges and, at the same time, the PLAN of the NATION to enter the top world 30 developed countries in new historical conditions.

The 74th step of the Nation Plan is aimed to **increase the transparency and predictability of the subsoil use sector through the introduction of the CRIRSCO international reporting system for solid minerals and international system for hydrocarbon reserves.**

For the effective implementation of the 74th step of the President's message for hydrocarbon reserves, the following mandatory components of the process are required.

Use of the **international reporting system** for reserves and resources.

Availability of the necessary **tools.**

Availability of **qualified experts** (Competent Persons) recognized by the international community.



Implementation



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- As part of the development of the Code "On Subsoil and Subsoil Use", several measures were taken to implement the reform in hydrocarbon reserves use but taking into account the specifics of state regulation in subsoil use for hydrocarbons sphere.
- Control over the implementation of 74th step in terms of hydrocarbons is assigned to the Ministry of Energy of the Republic of Kazakhstan, a co-executor is the Committee of Geology of the Ministry of Ecology, Geology and Natural Resources of the Republic of Kazakhstan.
- By Order of the Minister of Energy of the Republic of Kazakhstan as of December 06, 2019, a Working Group was formed to develop proposals for international system-candidates most suitable as part of transition to the international system of reporting on hydrocarbon reserves.
- The Working Group carried out assessment on estimation of possible effects to State by using various international classifications (**SPE-PRMS**, **UNFC**, **GKZ RF-2013**, **NPD**, **SEC**) in comparison with the current GKZ RK (State Commission on Mineral Reserves of the Republic of Kazakhstan). The effect was derived by assessment of reserves by each system on real oilfield in the Republic of Kazakhstan.
- A comprehensive discussion was held with the leadership of the Ministry of Energy, Ministry of Environment, Geology and Natural Resources, KAZENERGY (Kazakhstan association of oil-gas and energy sector organizations) and the expert community. In general, the conclusions of Working Group were supported by the all parties.



Result of assessment



Based on the results of assessment as possible effect of transition to **SPE-PRMS, UNFC, GKZ RF-2013, NPD, SEC** systems estimated on a real oilfield, a following significant risks were identified as possible transition outcomes for several systems above:

- Violation of technological integrated approach to study of prospect on exploration stage and developing on production stage;
- Decrease in recoverable reserves compared to current State recoverable reserves;
- Reduction of State taxes revenues for the entire period of development of the deposit;
- Reducing the role of the State as the main regulator of the subsoil users;
- Problems with accounting for hydrocarbons on the state balance sheet;
- Risks associated with the development of national scientific and technical personnel.

The Working Group proposed **Concept** of possible implementation of 74th step for hydrocarbons which based on preservation (possible changes will be made if required) of its own classification system and subsequent harmonization with the **UNFC-2009 system** through a bridging document.

Currently, the **Concept** is in proseses of approval by the Government.



Necessary actions for further implementation



Adaptation of the legislation of the Republic of Kazakhstan by introducing amendments and additions to the Code "On Subsoil and Subsoil Use". Run necessary changes to **current reserve reporting system** to be able it for harmonization with UNFC.

Creation of a Public Independent Organization of Experts, with the transfer of the functions of an independent expertise of reports done for States and other interested parties.

Training of qualified experts and industry specialists on constant bases. Working out question of recognition of experts of the Republic of Kazakhstan at the international level.

Harmonization of the **Kazakhstan reserve classification system** with the UN Framework Classification by creating and signing a bridging document.

НАЗАР АУДАРҒАНЫҢЫЗҒА РАҚМЕТ!

БЛАГОДАРЮ ЗА ВНИМАНИЕ!

THANK YOU FOR YOUR ATTENTION!

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