



New definitions proposed by World Petroleum Council

The World Petroleum Council (WPC) has posted the proposed 2007 Petroleum Reserves and Resources Classification, Definitions and Guidelines on its website for general industry information, culminating two years of work to establish internationally accepted guidelines.

The draft document is sponsored jointly with the Society of Petroleum Engineers (SPE), American Association of Petroleum Geologists (AAPG) and Society of Petroleum Evaluation Engineers (SPEE). The proposed classification system is intended to update and replace the current guidelines as contained in the 1997 SPE/WPC Petroleum Reserves Definitions and the 2000 SPE/WPC/AAPG Petroleum Resources Classification and Definitions.

These guidelines are now in common use internationally within the petroleum industry, and provide a measure of comparability and reduce the subjective nature of resources estimation. However, the technologies employed in petroleum exploration, development, production and processing continue to evolve and improve. In addition, the growth of the international petroleum industry and the expanding contribution of unconventional hydrocarbon assets to the worldwide resource base necessitated a re-examination of the existing system.

In a statement, WPC Director General, Dr Pierce Riemer, said: "The WPC has been working on this since the 1980s and has been involved in the historic development of a set of reserves and resources classifications acceptable throughout the oil and gas industry. WPC works closely with other organizations to maintain the definitions and issues periodic revisions to keep current with evolving technologies and changing commercial opportunities. Earlier this year WPC hosted a special Reserves and Resources workshop in Russia inviting a wide range of stakeholders for a high-level discussion on harmonization of fossil energy resources terminology. WPC also endorsed two specialised training sessions on Engineering Aspects of Reserves Analysis and Common Mapping Errors during the SPEE Annual Meeting in June."

In updating the definitions, WPC worked with the SPE's Oil and Gas Reserves Committee to complete a comparison of classifications and definitions used in eight other systems worldwide to identify best practices. The primary updates include that the system is project-based, the class is based on the project chance of commerciality and that categorization is based on quantities recovered by applying a defined project to a reservoir base case that uses evaluator's forecast of future conditions (including prices and costs, technology available, environmental standards, fiscal terms and regulatory constraints). Guidelines are applicable to unconventional resources (including bitumen, oil shale, coalbed methane and gas hydrates)

These definitions and guidelines are designed to establish technically based reserves and resources evaluation standards for the international petroleum industry. While ideally, national reporting and regulatory disclosure agencies would reference these standards, the guidelines do not replace those currently required by these agencies. The draft definitions and a historic listing of the WPC's work on the reserves and resources definitions can be viewed at www.world-petroleum.org

Notes to Editor

About the World Petroleum Council

The World Petroleum Council was founded in London in 1933. It is an international, unbiased, non-political organisation that provides a forum for discussing world issues facing the oil and gas industry. The WPC is dedicated to scientific advances in the oil and gas industries, technology transfer and the promotion of the management of the world's petroleum resources for the benefit of mankind. Every three years, the World Petroleum Council hosts an international oil and gas congress hosted by one of its member countries. The 19th World Petroleum Congress will take place in Madrid in June 2008.

Trends and outlooks integral to the future success of the industry are the focus of discussions, forums and presentations. Delegates explore international business opportunities, exchange ideas on global issues, network and share the latest information on technology, business management and industry developments. High-level government delegations from member countries and thousands of delegates usually attend the congresses.

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