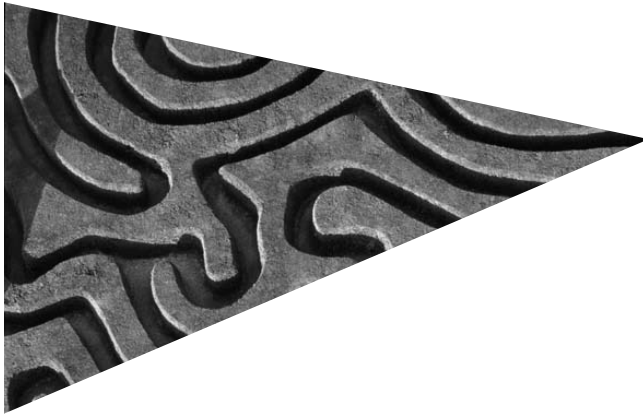


UNECE AD HOC GROUP OF EXPERTS

US SEC Concept Release on Possible Revisions to the Disclosure Requirements Relating to Oil and Gas Reserves

UNECE Ad Hoc Group of Experts on Harmonization of Fossil Energy and Mineral Resources Terminology, Fifth Session, 15-16 April 2008



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Agenda

Concept Release

Comment summary

Concept Release

Issued for comment 12 December 2007

Comments requested by 19 February 2008

15 Questions:

Replace rules based disclosures with principles based rule?

Disclose other than proved reserves?

Adopt all or part of the SPE – PRMS?

Revise the current definition of proved reserves?

Specify test, data and process required to support reserve conclusions?

Reconsider the concept of reasonable certainty?

Reconsider the concept of certainty with regard to proved developed?

Concept Release

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15 Questions:

Reconsider the concept of economic producibility?

Reconsider the concept of existing operating conditions?

Reconsider the use of sale price in estimating reserves?

Reconsider eliminating any of the current exclusions from proved reserves?

Reconsider eliminating any of the current exclusions from oil and gas activities?

Reconsider eliminating any of the current restrictions on including sources that require further processing?

Consider a disclosure framework that accommodates technological advances?

Engage an independent third party to evaluate reserve estimates?

81 Responses

Oil companies	24
Associations – Engineering / Geologists	7
Associations - Producers	2
Associations – other	5
Associations - government	3
Accountants	5
Users	9
Individuals	7
Lawyers	1
Shell “past directors”	2
Petroleum engineers	16

Summary comments

Some general group comments

SPE influenced

API influenced

Accounting influenced

Unanimous positive agreement over consultation

Unanimous (except Moodies and English professor) that change required

US Department of Energy wants change

Some mention of need for global agreement

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CRIRSCO / SPE

Specific comments

Principles not rules based

Generally proved plus probable

Not BP, ENI, APACHE, Exxon, Shell

Maybe difference between SEC filings and other disclosures

PRMS but

Some concern over compromises

Some concern over governance (need a RASB?)

More guidelines and rules?

Phased introduction?

Subject to above, PRMS seen to take account of most other questions

Specific comments

Prices

Average over previous 12 months (Oct to Sept) preferred

Some support for management's forecast

Some support for future contract prices

Some support for sensitivity analysis (not just Canadians)

Unconventional resources

Unanimous should be allowed to be taken into account

3rd party verification

Not required (except for one or two)

Let internal control environment dictate

May make sense for smaller company to use 3rd parties in certain circumstances

Conclusions

SEC asking for comments is a major step forward

PRMS has wide acceptance with a few subject toos

Increasing agreement that solution needs to be a global one

**Recognition that IFRS required for Canada (2011), soon (?) be allowed for the US
and already accepted in many other countries**

Therefore:

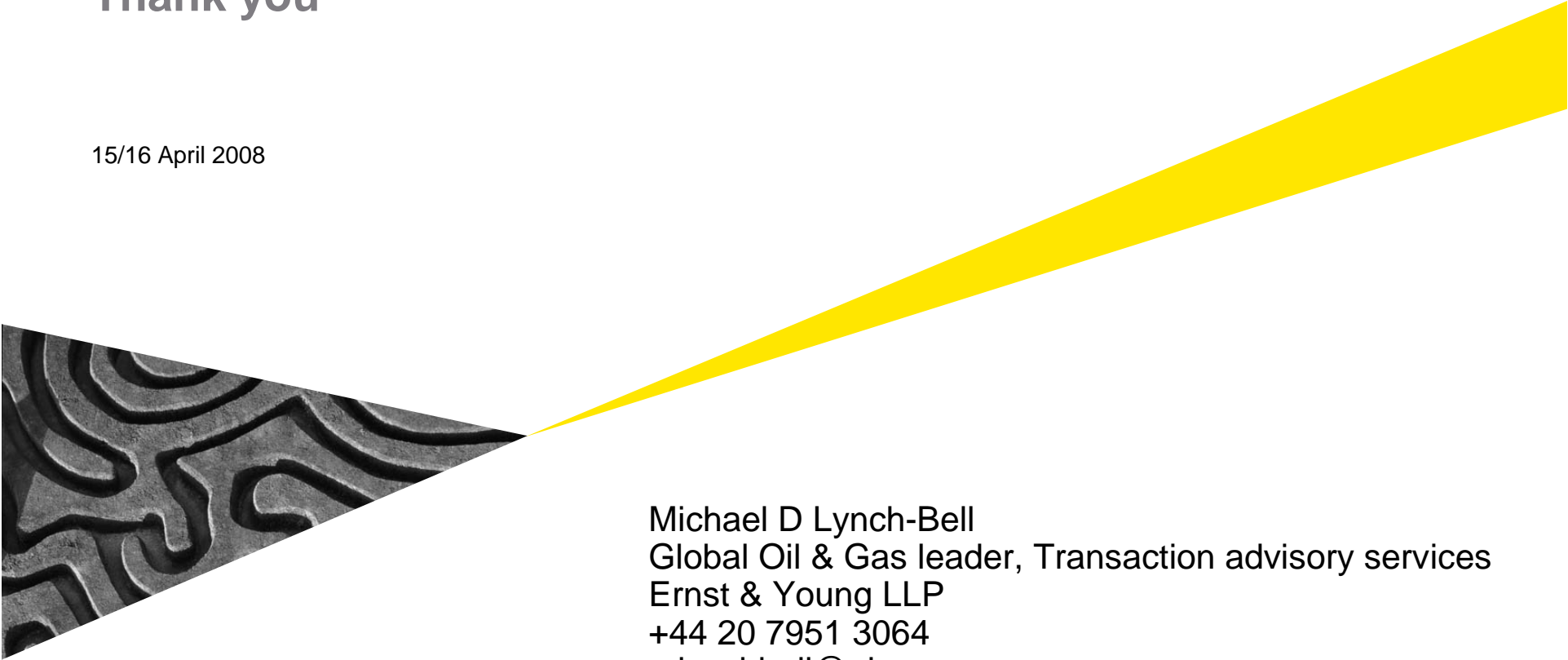
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Thank you

15/16 April 2008



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