

Update of the Petroleum Resource Management System (PRMS)

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**Chairman - Oil and Gas Reserves Committee
Society of Petroleum Engineers**



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Petroleum Resource Management System

Historical Development

- 1962: Following plea from banks for a consistent set of reserve definitions, SPE Board appointed 12 man committee.
By 1965 a one page document was approved
- 1981: SPE release update Proved oil and gas definitions
- 1987: SPE definitions for all reserves categories
- 1997: Joint release of single set of definitions by WPC and SPE
- 2000: Classification system for all petroleum resources jointly developed by SPE, WPC and AAPG
- 2001: Application Evaluation Guidelines
- 2005: Glossary of terms used in resource definitions
- 2005: Standards for estimating and auditing reserves information (revised in 2007)
- 2007: SPE/WPC/AAPG/SPEE Petroleum Resources Management System; subsequently sponsored by SEG
- 2011: Guidelines for Application of PRMS
- 2014: SPE Board agreed to the Oil and Gas Reserves Committee recommendation to proceed with an update to the PRMS and has approved Terms of Reference

Oil and Gas Reserves Committee

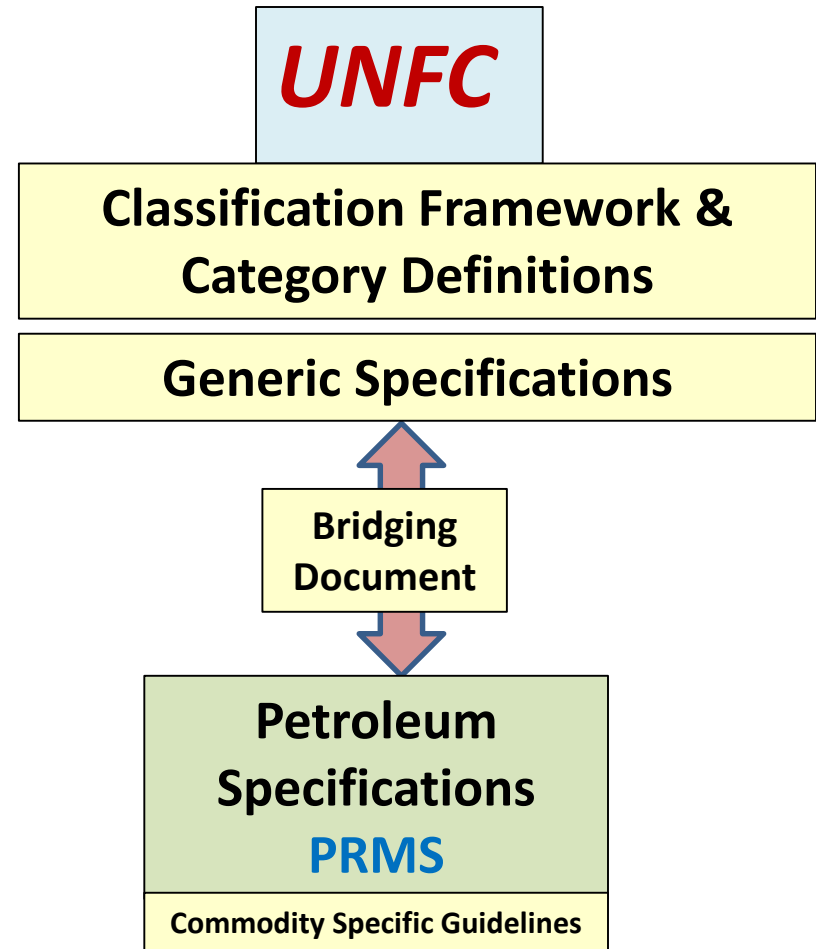
- The OGRC fulfills the needs of the SPE Board relative to petroleum reserves and resources matters.
- The OGRC is charged with:
 - Responsibility for programs dealing with oil and gas reserves and resources matters, including reserves and resources **definitions, terms, recommended practices, and standards**;
 - **Disseminating** reserves and resources **information**;
 - Liaising with other organizations in efforts **to achieve worldwide use** of standard reserves and resources (definitions);
 - **Monitoring** of activities of other organizations in the reserves and resources definition area;
 - Providing **periodic reports** to the SPE Board on **issues** including **recommendations for revisions** to SPE's reserves and resources definitions.

OGRC cont ...

- OGRC is the custodian of a set of definitions, standards and guidelines referred to as the “**Technical Publications.**”
 - PRMS
 - PRMS-AG
 - Auditing Standards
 - Comparison of Selected Reserves and Resources Classifications and Associated Definitions, ...

UNFC and PRMS

- Memorandum of Understanding with SPE and UNECE put in place in October of 2006
- Mutual goals of SPE and UNECE to establish universal adoptions of UNFC which uses the SPE PRMS for petroleum
- SPE OGRC serves to provide the specification and guidelines for the UNFC for petroleum reserves and resource definitions
- **Maintain evergreen**



PRMS is the reference standard for petroleum specifications underpinning the UNFC-2009 published in 2013

Where are we Today on the PRMS Update



- Draft of the glossary in Dec '15 and First Draft of Updated PRMS being discussed (February-May 2016) internally in OGRC
- Updated draft, agreed by Sub Committee, submitted to Sisters in June 2016
- Draft currently shared (and updated) for comments/agreement with the full OGRC and sister societies: SPEE, WPC, SEG and AAPG – after 2 rounds of updates
- Aim for a limited consultation with other stakeholders such as UNFC – early June at the latest
- Document to go to the SPE (and sister societies) Board(s) in Q4 2017 at the latest
- Public consultation period
- Final Document to go to the SPE Board and Sisters' approval either Q4 2017 or Q1 2018
- Updated PRMS plan for adoption for 2018 resources evaluations



Key updates to the PRMS and Focus

- Evolutionary not Revolutionary
- Maintained core features as a **project based**-resource management system
- Improved clarity and granularity
- Improved coverage of Unconventional Resources
- Updated Glossary (clarified and added new definitions for increased clarity)
- Key Updates:
 - Project Definition and Maturity Sub-classes
 - Clarification of Economic and Economic Limit
 - Clarity between Economic and Commercial
 - Treatment of “Consumed in Operations”

Started work on:

- Best Practice Reporting
- Examples on key issues interpretations

Questions?

Comments and suggestions can be provided for consideration to the following e-mail:

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Free PRMS Download at www.spe.org



Key updates to the PRMS and Focus

- Maintained core features as a **project based**-resource management system
- Improved clarity and granularity
- Spent special focus on the incremental method and approaches used in the industry
- ~~Attempted to align (as much as possible) with Canadian Oil and Gas Evaluation Handbook (COGEH)~~
- Considered elements from other international resource definition systems, such as (without limitation) that of the Norwegian Petroleum Directorate, and the Russian and Chinese systems
- Improved coverage of Unconventional Resources
- Updated Glossary (clarified and added new ones)
- Started work on:
 - Best Practice Reporting
 - Examples on key issues interpretations