



## Society of Petroleum Engineers Posts Updated Reserves Definitions for Industry Comment

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RICHARDSON, Texas, U.S.A. (October 16, 2006) -- The Society of Petroleum Engineers (SPE) has posted the proposed 2007 Petroleum Reserves and Resources Classification, Definitions and Guidelines on its website for general industry comment, culminating two years of work to establish internationally accepted guidelines. The draft document is sponsored jointly with the World Petroleum Council (WPC), American Association of Petroleum Geologists (AAPG) and Society of Petroleum Evaluation Engineers (SPEE). The sponsoring organizations are seeking broad international input from their membership by 1 February 2007, before presenting the definitions to their boards for final approval.

The proposed system would 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. SPE works closely with other organizations to maintain the definitions and issues periodic revisions to keep current with evolving technologies and changing commercial opportunities," said Jaleel Al-Khalifa, 2007 SPE president.

In updating the definitions, SPE's Oil and Gas Reserves Committee completed a comparison of classifications and definitions used in eight other systems worldwide to identify best practices. The primary updates include

- the system is project-based
- the class is based on the project chance of commerciality
- 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 can be viewed at (<http://www.spe.org/industry/reserves/>).