



# ASX Listing Rule Amendments – Reporting Requirements for Oil and Gas Companies

ASX Presentation 2013

# AGENDA

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- ASX presentation – listing rule framework
- RISC presentation – PRMS and how it applies in the listing rule framework
- Questions

# Overview

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- ASX review
- New reporting requirements under the ASX Listing Rules, including Guidance Note 32
- Transition period & implementation

# Summary of the New Reporting Framework

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Chapter 5 Listing Rule reporting requirements for material oil and gas company exploration, resources and reserves disclosures

- General reporting obligations - LRs 5.25 to 5.28
- Specific reporting obligations – LRs 5.29 to 5.45
- Underpinned by SPE-PRMS
- Guidance Note 32 - Reporting on Oil and Gas Activities

# Rules Focused on Materiality

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Many Chapter 5 requirements for additional disclosure are triggered when reporting on 'material oil and gas projects':

- An 'oil and gas project' is defined in the Listing Rules as a project to explore for or extract petroleum from a petroleum tenement or tenements
- A 'material oil and gas project' is defined in the Listing Rules as one in which an oil and gas entity or a child entity has an economic interest (whether alone or jointly with others), where that interest is, or is likely to be, material in the context of the overall business operations or financial results of the entity and its child entities (on a consolidated basis)

# New Reporting Requirements

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- Quarterly reporting obligations
- General reporting requirements
  - Reserves, Contingent Resources, Prospective Resources
- Reporting requirements for material exploration and drilling results
- Reporting requirements for material projects
  - Reserves, Contingent Resources, Prospective Resources
- Annual reporting

# Quarterly reporting obligations

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LRs 5.2, 5.4 to 5.5 – quarterly reporting obligations:

- Oil and gas exploration entity required to provide details of oil and gas exploration, production and development activities of the entity during the quarter and a summary of the expenditure incurred. Required to provide a quarterly cash flow report and details of petroleum tenements held, acquired and disposed of at the end of the quarter and their location.
- Oil and gas producing entity required to provide details of oil and gas production and development activities and a summary of oil and gas exploration activities of the entity during the quarter and a summary of the expenditure incurred.

# General Reporting Requirements

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LRs 5.25 to 5.28 – general reporting requirements:

- These rules apply to all listed entities reporting petroleum resources regardless of whether the project being reported on is a 'material oil and gas project' or not
- The date at which the estimates are reported must be disclosed in the report.
- Petroleum resources classified and reported in accordance with SPE-PRMS – reserves, contingent resources, prospective resources
- Reporting total or discovered petroleum-in-place prohibited unless estimate of reserves, contingent resources or prospective resources, and adjustments for risk included in the disclosure



# General Requirements - Reserves

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LR 5.26 established general reporting requirements of reserves:

- The term 'reserves' can only be used in conjunction with estimates of commercially recoverable quantities
- Reserves must be reported in category that reflects degree of uncertainty (1P, 2P or 3P)
- If 3P reported must also report 2P and 1P
- Disclosure of a mean estimate of reserves is prohibited

# General Requirements – Contingent Resources

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LR 5.27 established general reporting requirements of contingent resources:

- Contingent resources must be reported in category that reflects degree of uncertainty (1C, 2C or 3C)
- If 3C reported must also report 2C and 1C
- Disclosure of a mean estimate of contingent resources is prohibited

# General Requirements – Prospective Resources

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LR 5.28 established general reporting requirements of prospective resources:

- Prospective resources must be reported in category that reflects degree of uncertainty in the estimated quantities of potentially recoverable petroleum (low, best, or high)
- If high estimate is reported must also report best and low estimate
- Cautionary statement regarding risk of discovery and development, and further exploration and evaluation required

# Exploration Results

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LR 5.29 – specific disclosure requirements for geological survey

LR 5.30 – specific requirements (13) when reporting material exploration and drilling results:

- Name, location, permit and working interest in well
- Geological rock type of formation drilled
- Depth of zones tested, types of tests and duration of tests
- Hydrocarbon phases recovered
- Choke size uses, flow rates, volume of hydrocarbons measured
- Material volume of non-hydrocarbons
- If applicable, the number, nature and size of fracture stimulation stages

# Reserves

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LR 5.31 - disclosure requirements triggered when reserves estimates declared for material projects for the first time:

- Material economic assumptions
- Operator / non-operator interests
- Type of permit / licences held
- Basis for confirming commercial recoverability
- Analytical procedures used is estimation
- Proposed extraction method
- Project status & marketing arrangements (for undeveloped reserves)
- Any specialised processing required following extraction

## Reserves (cont.)

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- If estimate of reserves relate to undeveloped reserves:
  - The status of the material oil and gas project
  - When development is anticipated
  - Marketing arrangements that justify development
  - Access to transportation infrastructure
  - Environmental approvals required

LR 5.32 – disclosure requirements when material change to reserves estimates:

- Explanation of new information and how affects reserve estimate
- Changes to information disclosed under LR 5.31

# Contingent Resources

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LR 5.33 – disclosure requirements triggered when contingent resources declared for material projects for the first time:

- Type of permit / licences held
- Basis for determining a discovery
- Analytical procedures used in estimation
- Key contingencies preventing classification as reserves
- Further appraisal drilling and evaluation work
- If applicable, information relating to technology under development

# Contingent Resources (cont.)

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LR 5.34 – disclosure requirements when material change to contingent resources:

- Explanation of new information and how affects estimate
- Changes to information disclosed under LR 5.33



# Prospective Resources

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LR 5.35 – disclosure requirements triggered when prospective resources declared for material projects for the first time:

- type of permit / licences held
- basis on which the prospective resources are estimated
- entity's assessment of the chance of discovery & the chance of development
- proposed further exploration activities
- if applicable, how the estimates were adjusted for risk

## Prospective Resources (cont.)

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LR 5.36 – disclosure requirements when material change to prospective resources:

- Explanation of new information and how affects estimate
- Changes to information disclosed under LR 5.35

# Annual Reporting

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LRs 5.37 to 5.40 - Annual Reserves Statement (in the Annual Report):

- Total 1P & 2P reserves by product (split out by developed & undeveloped)
- Aggregated 1P & 2P reserves by product & geographical area (split out by developed & undeveloped)
- Proportion of reserves based on unconventional resources
- Reconciliation of total 1P & 2P reserves against previous year estimates
- Explain why material concentrations of undeveloped reserves in material assets remain undeveloped for more than 5 years

# Evaluator Requirements

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LRs 5.41 to 5.44 – qualified reserves & resources evaluator requirements:

- Publicly reported estimates of reserves, contingent resources & prospective resources must be prepared by a QRRE
- Prior written consent from QRRE required for first time estimates of reserves, contingent resources & prospective resources are reported for material projects
- Updated minimum educational & professional experience to be a QRRE & must belong to a relevant professional organisation

## Evaluator Requirements cont'd

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Professional organisations who meet the requirements in definition of QRRE:

- Society of Petroleum Engineers (SPE):  
<http://www.spe.org/index.php>
- Energy Institute, UK (EI): <http://www.energyinst.org/>
- American Association of Petroleum Geologists (AAPG):  
<http://www.aapg.org/>
- Petroleum Exploration Society of Australia (PESA) are working on it.  
Contact PESA to keep updated on their progress:  
<http://www.pesa.com.au/>

# Transition

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- Effective from 1 December 2013
- All entities must comply with the general reporting requirements in LRs 5.25 to 5.28 and 5.37 to 5.40 from 1 December 2013
- Entities must comply with the specific reporting requirements in LRs 5.29 to 5.44 if they report an estimate of reserves, contingent resources or prospective resources for the first time after 1 December 2013 or there is a material change to existing reserves, contingent resources or prospective resources
- **Be prepared for the implementation of the new rules from 1 December 2013**

# Enquiries

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