Key Changes to SPE-PRMS

2018 Update

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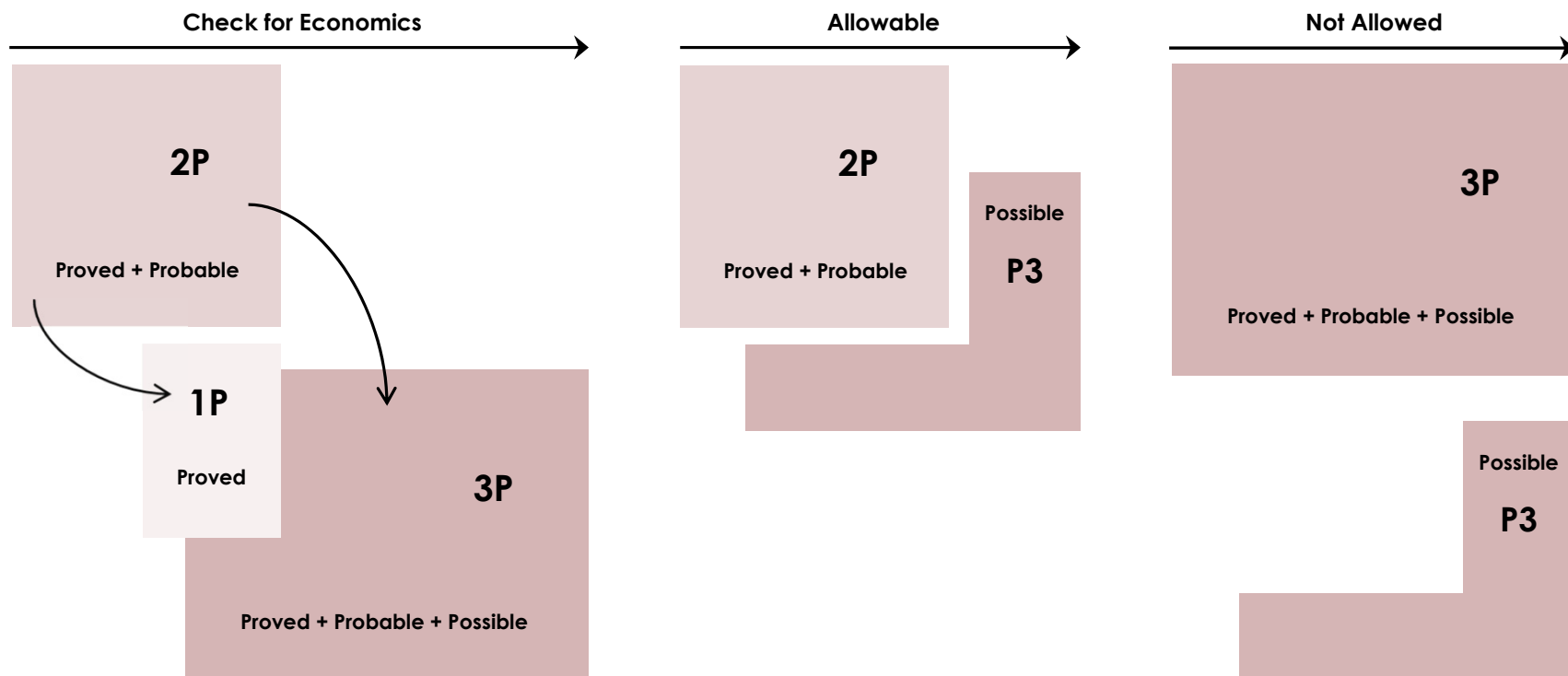
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Members of the PRMS Update Project provided a highlight of the **Key Changes to PRMS – 2018 Update**. A few of the significant changes are highlighted here:

> *The commerciality test for reserves determination is applied to the best estimate (P50) forecast quantities. Stricter cases (e.g. P90) may be used for decision purposes or to investigate the range of commerciality.*
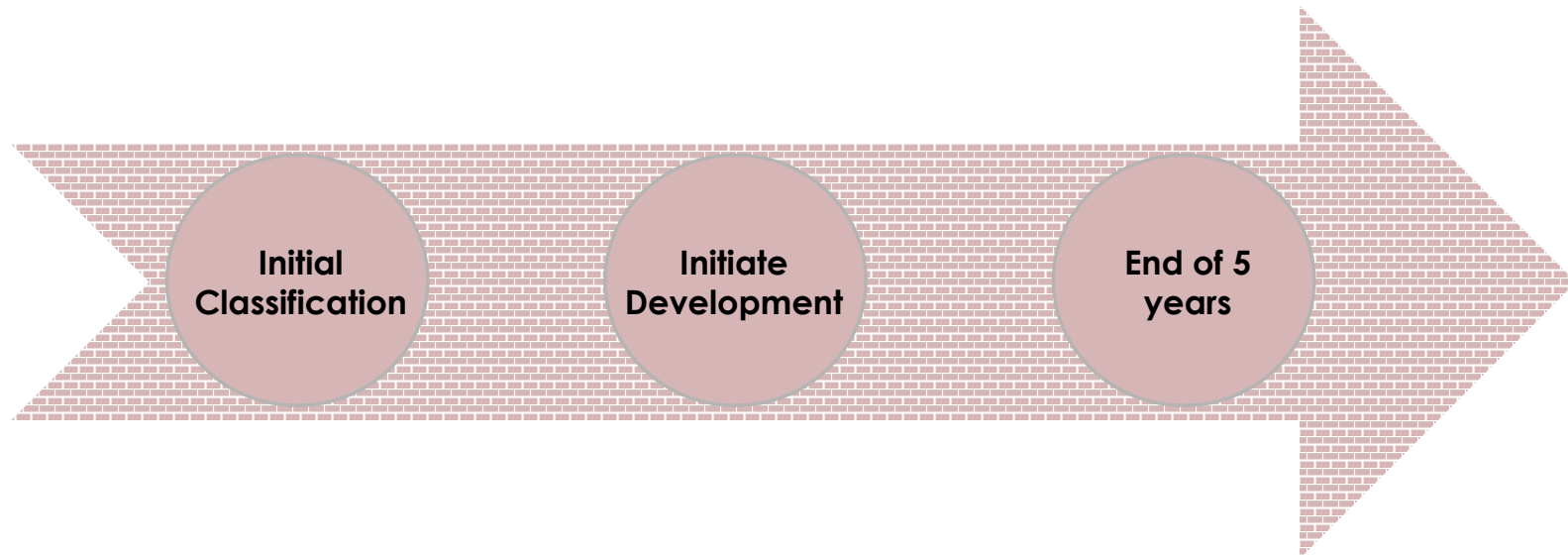
Check for Economics

2P
Proved + Probable

1P
Proved

3P
Proved + Probable + Possible

Allowable

2P
Proved + Probable

Possible
P3

Not Allowed

3P
Proved + Probable + Possible

Possible
P3

Members of the PRMS Update Project provided a highlight of the **Key Changes to PRMS – 2018 Update**. A few of the significant changes are highlighted here:

> " *Projects associated with Undeveloped Reserves should initiate development within five years from the initial classification date (with exceptions to be clearly justified). The 5-year rule applies to the Reserves class and not solely to the Proved Reserves category.* "
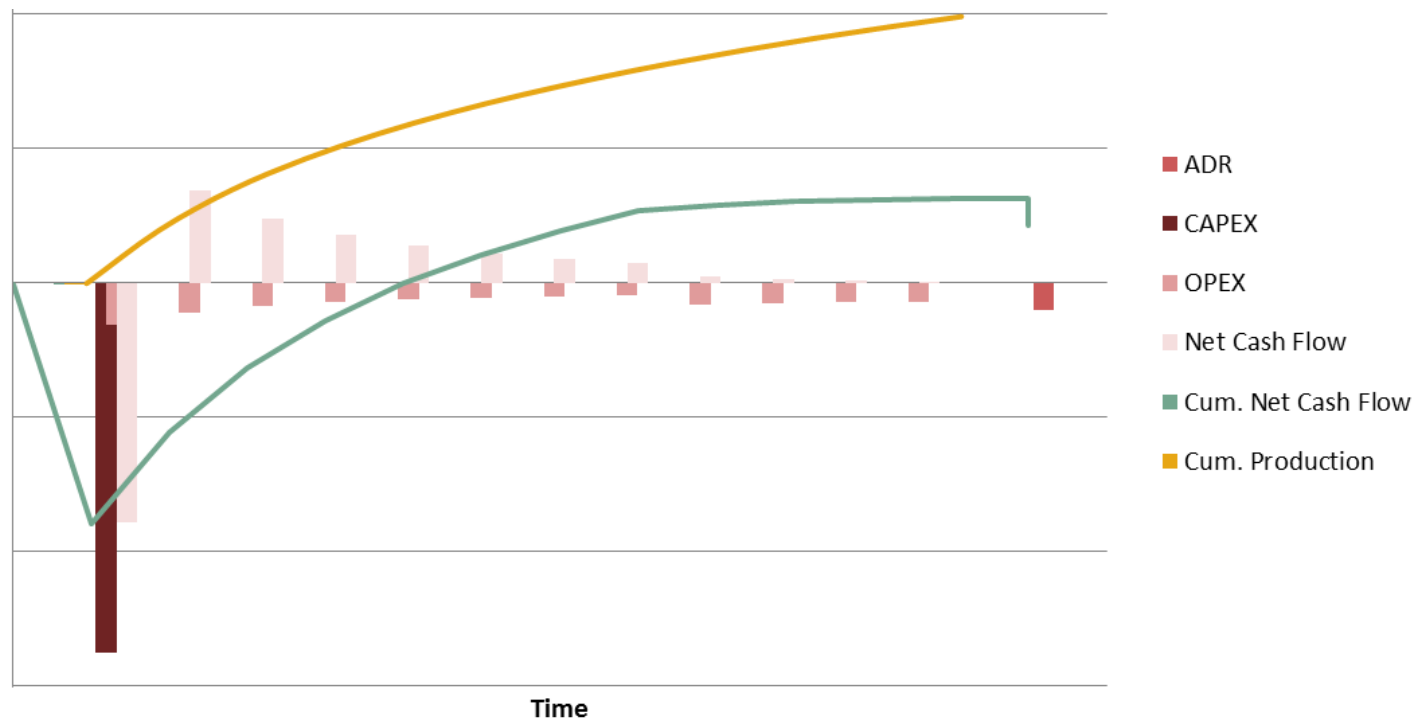
Initial Classification → **Initiate Development** → **End of 5 years**

Members of the PRMS Update Project provided a highlight of the **Key Changes to PRMS – 2018 Update**. A few of the significant changes are highlighted here:

> " *Abandonment, Decommissioning and Restoration (ADR) costs must be included in the economics assessment of new investments. The economic limit for developed projects that are on production are not impacted by ADR unless specifically addressed in the contract terms.* "

Members of the PRMS Update Project provided a highlight of the **Key Changes to PRMS – 2018 Update**. A few of the significant changes are highlighted here:

> *Split conditions and split classification are not permitted. A single set of defined conditions is applied for the resources categorization and the resources classification of the project.*

Split Classification

A single project should be uniquely assigned to a sub-class along with its uncertainty range.

For example, a project cannot have quantities categorized as 1C, 2P, and 3P.

Split Conditions

The uncertainty in recoverable quantities is assessed for each project using resources categories. The assumed commercial conditions are associated with resource classes or sub-classes and not with resources categories.

For example, the product price assumptions are those assumed when classifying projects as reserves, and a different price would not be used for assessing proved vs. probable reserves.

Members of the PRMS Update Project provided a highlight of the **Key Changes to PRMS – 2018 Update**. A few of the significant changes are highlighted here:

> " *In oil and gas developments with high well counts and a continuous program of activity (multi-year), the use of a demonstrated analog learning curve within a resources evaluation may be justified to predict improvements in either the time taken to carry out the activity, the cost to do so, or both.* "
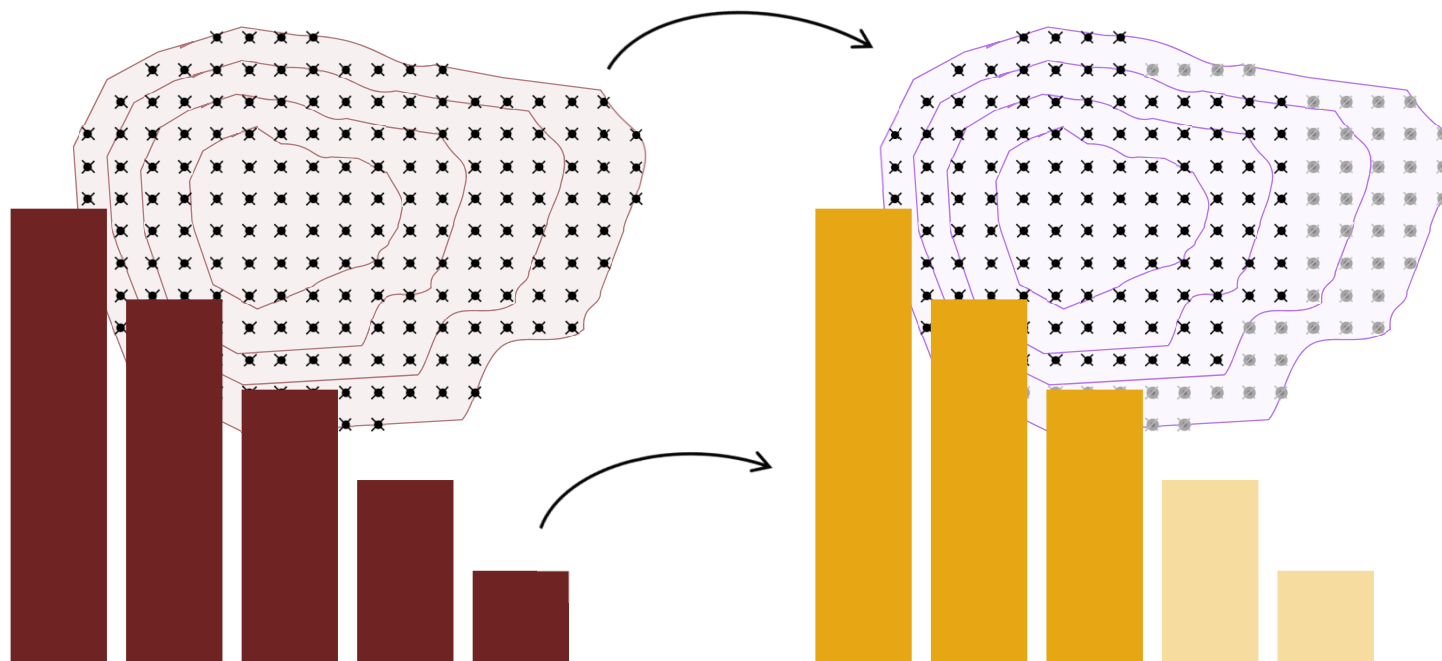
Comments or Questions?

Contact us at expert@millerandlents.com

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