

SAMOG Committee Meeting Minutes

Date of Meeting	11 May 2023	Time	15:30
Chaired by:	Peter Dekker	Location	Zoom
Minutes prepared by:	Camielah Jardine		
Present:			
Peter Dekker Chair	Jeff Aldrich Annalie de Bruyn Andy Clay	Sean Davids Siobhan Joubert Mike Tosdevin	
<u>SAIMM Secretariat:</u> Camielah Jardine			
<u>Apologies:</u>			
Shane Hattingh	Bernadine Joubert	Zakaria Rashid	
Topic	Discussion		
1. Welcome	Mr Dekker welcomed everybody to the meeting and the apologies were noted.		
2. Minutes of previous meeting	The minutes of 19 April 2023 as previously circulated were incomplete; although the date was correct, the content was from the previous meeting in March. This would be corrected and the amended minutes sent out. Action: Camielah Jardine		
3. Action items from previous meeting	Mr Dekker advised that he had sent out all the definitions as amended. It had been agreed in the last meeting to change many of the definitions in line with the PRMS; and these had been sent to all members. The amendments had been accepted by everyone, but Ms de Bruyn raised a question around the definitions for ADR, which stated 'all costs associated with ADR'. In some cases, there might be salvage value associated with the equipment removed from the project. ADR costs were presumed to be without consideration of salvage value, unless presented as ADR nett of salvage. Her concern was how one would even know what the salvage cost would be. Mr Dekker responded that this definition had been taken from the PRMS as it was; and the salvage of the ADR should be without the salvage cost, so not included; because one never knew what the salvage cost was. That was why they had said it should not be included. Ms de Bruyn asked whether something should be added to say that if you do show the net of salvage; that you explain where you got the salvage from.		

	Mr Aldrich provided an example. The survey costs in the field were taken into consideration and into the whole economics of the field if one was just looking at a well head cost for an on-shore CBM field and abandoning a well 30 years from now. That was why that was not really worked into the economics. There was a whole different range that one could put that into, but SAMOG did not want to be over prescriptive in talking about it. If it could be valued and it was part of the overall economics of the scheme and one worked it into economics and that was the way that you did the economics, it could be stated as such. This was in the PRMS, but was in the guidelines and SAMOG did not go into a big thing about guidance. Mr Clay advised that there was a specific accounting standard for this that estimated the rehabilitation liability, the abandonment liability at the end, escalated to inflation and discounted back at the company's cost of capital. One ended up with a number smaller than was actually started with, which did not make sense. One of the reasons for just accounting for it without taking salvage into account was also because, very often, companies inflated estimated surveys to roll the abandonment liability. Mr Dekker was comfortable to leave it like this because it was implicit. Some discussion followed on this. Mr Aldrich advised that these definitions went into the reserves and economics and these had to be evaluated by a QRE. It all fell on who was doing the evaluation and whether they could properly apply the codes. Ms de Bruyn expressed that she would like to get some disclosure on this, because it was a possible way of manipulating the economics if the salvage was implemented. She believed it was important that if it was shown nett of salvage, that there be an explanation of how the salvage value was arrived at. Mr Dekker suggested that the wording be changed to read: <i>Abandonment (ADR)</i> <i>ADR costs means also costs associated with ADR, in some instances there may be salvage value associated with the equipment removed from the project. ADR costs are presumed to be without consideration of any salvage value, unless presented as 'ADR nett of salvage' and the salvage value is documented.</i> All agreed. Mr Aldrich advised that he had not seen anything on prospective resources or possible reserves. Mr Dekker responded that when this was discussed, it had been agreed to put wording in to say that for the sake of clarity and any definition not mentioned in the Code, reference should be made to the PRMS. Mr Aldrich asked whether there should just be one line in the Code, saying: '<i>Please see PRMS</i>'. Mr Dekker advised that there were some things in SAMOG which were not in PRMS, e.g. '<i>Alternative reference point</i>'. He cited some other examples. Mr Aldrich's other point was that he did not believe that the concept of deterministic vs stochastic evaluation, i.e. whether they were allowed; how they were done; should one be favoured over the other or not, etc. were within the SAMOG Code. If stochastic evaluations were around and one did not define within a Code specifically right up front, he believed it could get to be a bit of an unbalanced Code. Some discussion followed.
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	In response to Ms de Bruyn asked for an explanation of the difference between deterministic and stochastic, Mr Aldrich provided the details. Either way was acceptable to PRMS, but there had to be disclosure on which method was used. Mr Dekker suggested that under Point 5.2 (e), it should read as follows: <i>'A statement should be made indicating the approach taken and the methodology used (deterministic or stochastic) to estimate the reserve and other information'</i> Mr Aldrich raised the question of aggregation. He did not find any links about the proper method for aggregating or not aggregating reserves and specifically that resources should not be aggregated with reserves. Mr Dekker advised that it was very clear in the Code. He agreed to look at aggregation and add it. Action: Peter Dekker Some discussion followed on aggregation. Mr Clay asked that it be minuted for the committee to have another read of this, to ensure that it was clear that one should not aggregate resources and reserves. Action: All committee members Under 5.3 Reserves and resources classification, Point (3) should be added: <i>'Categories should not be aggregated'</i> Action: Peter Dekker
4. SAMOG Code Update	Form 1 It had previously been agreed to remove all the repeated sections. This was done in order to keep the items exactly the same as they were in 51.1.01. General Instructions There was nothing to be changed under this heading. Date of Statement Some discussion followed on the date of statement. Ms de Bruyn believed that the effective date could not be older than six months and that it should be the date up to which the information had been issued. The six months was in the listing requirements. The other challenge was that a valuation date could be pegged but by the time the report was finished, the report might only be issued in July. It was still a bit vague around the valuation date, particularly when trying to do a listing. It was a loophole for people to extend the date and there should be clarity. Mr Dekker advised that even if the effective date was two years ago, if the report was filed today, the preparation date was today; but it is stated very clearly in your report that the evaluation is based on data that is two years old, this would be accepted for the listing, because it was based on data two years old. Some discussion followed on this. Instructions 1-4 should be reviewed and consideration given to whether there should be more clarity about evaluation date. This issue was parked and people would be asked to give their comments.

	Action: Peter Dekker / All Members Item 2.1 – Discussion of Resources and Reserves Mr Dekker believed that this could not be done by reservoir, country or area. Ms de Bruyn noted that country reporting was important. Mr Clay suggested that most of this should be for the juniors and not for the bigger companies. It was proposed to leave this section as is. Mr Dekker asked the team to go through this and send all comments a week before the next meeting to collate this into one document. Mr Clay advised the topic on the first four points on effective dates be put on a slide and circulated for comments. If necessary, examples could be given to show why this was a problem. Mr Dekker asked everyone to make comments before the next meeting, which was scheduled for 06 June 2023. Action: All Members
5. ANY OTHER BUSINESS	There was no discussion under this agenda point.
6. MEETING CLOSURE	Mr Dekker thanked everyone for their attendance and contribution.
7. NEXT MEETING	Date of the next meeting is 06 June 2023 at 15:30.

Matters arising/Action Items

Meeting Date	Action	Responsible	Due	Status	Comments
19/04/23	Correct previous minutes and circulate	C Jardine	26/04		
19/04/23	Resend version showing comments to Annalie de Bruyn	A Clay	26/04		
19/04/23	Notify SPEEE of resignation and ask them to nominate replacement	S Hattingh	11/05		
19/04/23	Send letter of thanks to Mr Hattingh	P Dekker	26/04		
19/04/23	Verify suggested wording at beginning of section with PRMS	P Dekker	26/04		
19/04/23	Put together some ideas around Part 7, Form 1	A Clay	11/05		
19/04/23	Put together motivation letter around changes	A Clay	11/05		
19/04/23	Drop an e-mail with bullet points regarding better consultation between SAMCodes committees	A Clay and P Dekker	11/05		

11/05/23	Send amended minutes of April meeting to all members	C Jardine	25/05		
11/05/23	Look at aggregation and add it.	P Dekker	25/05		
11/05/23	Read again the section of aggregation to ensure clarity	All members	25/05		
11/05/23	Add point (3) under 5.3 Reserves and resources clarification	P Dekker	25/05		
11/05/23	Review instructions 1-4 regarding clarity about elevation date and comment to P Dekker	All members	25/05		
11/05/23	Send comments on Item 2.1 – Discussion of Resources and Reserves to P Dekker before next meeting	All members	25/05		