

A 21st Century Outlook of the Petroleum Industry of China

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China will play an important role in the oil and gas industry of the world in the 21st century. With great economic growth and tremendous energy demand of the country, the petroleum industry of China has faced a big challenge and now is undoubtedly stepping into the world market. Three national oil companies have found their own positions in both domestic and international businesses. With 40 years experience of exploration and production in primarily non-marine sedimentary basins, China National Petroleum Corporation (CNPC) continues its conservative but stable policy in most of the onshore basins, and also has started aggressive overseas projects. CNPC will expand its exploration to deeper, subtle, and unconventional reservoirs using "new ideas in old places for east China, old ideas in new places for west China". They will offer new places of central China to western oil companies. The second national company, China National Offshore Oil Corporation (CNOOC), will continue its open policy by broadening cooperation areas with foreign partners. CNOOC will solidify its base in the offshore China and search for international projects using its 15 years experience in offshore exploration and operations. The China National Star Petroleum Company (CNSPC) is a real new star of the Chinese petroleum industry. With excellent technical and administrative support from the former Ministry of Geology (MOG), CNSPC will be fully open to the western investment in both upstream and downstream sectors. New acreages from the northern Tarim, Sichuan, Ordos and the East China Sea basins will be hot spots for international oil companies. Three national companies will have equal opportunities in the domestic exploration and production and be highly internationalized in overseas projects.

By the year 2000, most of the onshore basins will be open either by CNPC or CNSPC on a bidding basis. The offshore basins will be well explored and become mature producing provinces. The open policy will stimulate the annual growth of national oil production to around 5-6%. It is projected that the total annual production in China will be at least 1.4 billion barrels of oil (BBO) by then. Since the crude oil demand of the country will be over 1.5 BBO by that time, China is expecting to make up the shortage of 10% from its exploration blocks and EOR projects in the Gulf of Mexico, Latin America, Middle East, North Africa, and Caspian Sea areas. Within the next decade, China is expecting to produce 140 million barrels of oil annually from its overseas projects.