



SEAPEX Exploration Conference 2005  
Orchard Hotel, Singapore  
5<sup>th</sup> – 7<sup>th</sup> April 2005

ABSTRACT

Author(s) : Chris Sladen  
Company Affiliation : British Petroleum

## **National Oil Companies – How they are Shaping the Future in South East Asia**

National Oil Companies (NOCs) dominate E&P activity throughout the region. The NOC strategies, tactics and roles impact everyone in the industry. This paper looks at what might happen in the next few years, and how it might affect you!

***When we met last, in September 2003, it was clear that:***

- most of the big oil & gas companies are NOCs
- the traditional NOC role of being a “guardian of the State’s resources” is fading or has disappeared
- NOCs are changing their identity, behaviours & values, and searching for distinctiveness
- most NOCs are becoming international explorers, hungry for global reach
- NOCs are increasingly involved in complex politics related to security of supply issues
- oilfield service companies owned by NOCs are expanding rapidly, and increasingly active overseas
- takeover and merger activity by NOCs will increase
- privatisations of NOCs will increase, likely creating ever greater industry competition

***Since we last met, various trends and events have occurred:***

- strong economic growth throughout SE Asia
- growth continued in consumerism & population
- energy demand has increased very strongly
- many SE Asian countries have continued to become increasingly dependant on energy imports
- the bill for energy being consumed has risen very sharply, and steel prices have doubled
- reserves to production ratios are typically flat or falling
- there have been very few giant fields discovered in SE Asia

***We can also observe that since we last met, with respect to the NOCs in SE Asia:***

- pressure upon NOCs to guarantee domestic energy supply and security is growing again

- NOCs continue to expand strongly into the international arena
- many NOCs are choosing to spend exploration \$ overseas, rather than domestically
- NOCs are taking increased exploration risk
- international partnerships are being forged between NOCs
- many NOCs have actively promoted deepwater licence rounds and many NOCs are rushing to develop their own deepwater skills and technologies
- LNG is becoming a key activity in NOC portfolios
- there appears to be second thoughts regarding the merits of privatisation
- the NOCs have been getting (even) bigger

***How might today's pressures affect the future for NOCs in SE Asia:***

- increasing pressure to attract direct foreign investment into domestic E&P
- increasing reliance on LNG and long distance pipelines to solve domestic energy issues
- more and more significance of the Middle East countries and Russia
- ever greater expansion into the service company and construction sectors
- resolution of long standing territorial claims so that idle resources can be developed