
Cnooc may double oil and gas production off South China

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Bloomberg reported that Cnooc Ltd China biggest offshore oil explorer, may double its crude oil and natural gas production in the western part of the South China Sea to meet rising energy demand in the country.

Mr Ke Luxiong deputy general manager of Cnooc Zhanjiang division said China third largest oil company may expand its output in the area to 20 million cubic meters by 2015 from 10 million cubic meters, or 38.97 million barrels last year.

Mr Xie Luhong head of the Cnooc unit said increased energy demand in the world fastest growing major economy is prompting state-controlled Cnooc to intensify exploration in an area where countries including Vietnam have laid territorial claims. A number of foreign companies have shown immense interest in joining Cnooc bid to develop deepwater blocks in the region.

Mr Qiu Xiaofeng a Shanghai-based analyst with China Merchants Securities Co said “The deepwater areas are said to hold a significant amount of resources. Cnooc may need to enlist help from overseas partners in the beginning due to potential technical difficulties.”

Mr Xie said without naming the companies that Cnooc plans to work with foreign partners to drill the first deepwater wells in the area next year. The water depth might be between 1,500 meters and 1,800 meters. He said that the company currently drills at a water depth of as much as 180 meters in the region. He added that “There is huge potential in the deepwater blocks in the South China Sea, most of which are expected to hold natural gas resources.”

Cnooc has doubled since March 6 in Hong Kong trading compared with the 87% gain in the benchmark Hang Seng Index. The stock fell 0.7% to HKD 12.06 at 12:19 p.m.

(Sourced from Bloomberg)

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