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China may adopt new licensing system for shale gas exploration rights

By Liu Yanan

China's Ministry of Land and Resources (MLR) is mulling handing down power to local governments and introducing a new licensing system for shale gas exploration rights, according to media reports.

Provincial governments may be allowed to hold tendering activities for exploration in their own shale gas blocks while the MLR only maintain files on relevant blocks in the expected third round of shale gas licensing.

Local licensing of shale gas exploration rights could happen at different time bringing in more flexibility.

Central China's Hunan province has submitted a plan to the MLR for the licensing of five shale gas blocks named as Changde, Shimen, Lianyuan, Zhangjiajie and Cili, respectively.

Local government in Hunan intends to license the exploration rights of the five shale gas blocks within 2014 or early 2015, according to a local official. Hunan provincial government also plans to fund basic scientific research, selection of favorable areas and parameter acquiring.

Southwest China's Guizhou province also has submitted relevant plans to the MLR, according to a local official.

The MLR has held two rounds of shale gas license bids in 2011 and

2012, offering over 20 shale gas blocks.

The MLR once intended to hold the third round of shale has licensing in the second half of 2013 but slow progress with the blocks in the previous two rounds discouraged hasty rolling out of a new round licensing.

However, significant progress with shale gas exploration and development by state-owned oil and gas developers added fresh incentives to marginal players and investors in this regard.

The evaluation office of oil and gas reserves under the MLR recently verified that a part of Jiaoshiba working area within Fuling shale gas block operated by Sinopec Corp. has 106.75 billion cu.m of proven geological reserves, which are buried in an area of 106.45 square km.

The conclusion of governmental evaluation means the birth of China's first large-scale shale gas field and paves the way for commercial development.

Sinopec Corp. said it would continue to submit application to add new shale gas reserves. Jiaoshiba working area alone has an area of over 200 square km in comparison of near 4, 000 square km of favorable shale gas area in 6,539-square km Fuling shale gas block with less than 4,500 meters of burial depth.

By June 30, Sinopec's 29 shale gas wells in trial production in Fuling had 3.2 million cu.m of daily shale gas output with accumulated output of 611 million cu.m. Sinopec's first exploration well Jiaoye 1-HF has seen steady operation for one and half years with accumulated output of 37.69 million cu.m.

Sinopec Corp. would have 100 billion cu.m of proven geological shale gas reserves and 5 billion cu.m of shale gas production capacity by 2015, said Sinopec Corp. in April 2014. The developer planned to have 300 billion cu.m of accumulative proven geological shale gas reserves and 10 billion cu.m of shale gas production capacity by 2017.

Public-listed Wintime Energy Co., Ltd., the parent company of Huaying Shanxi Energy Investment Co. Ltd. issued an announcement on July 23 saying the 1,030-square km Fenggang-2 shale gas block in southwest China's Guizhou has around 200 billion cu.m of shale gas reserves according to preliminary estimate by Jiangsu Yangtze River Geological Prospecting Institute.

Huaying Shanxi Energy Investment Co. won the exploration right of Fenggang-2 shale gas block in the second round of licensing. Two exploration wells have been drilled and 392 km of dimensional seismic data was acquired in the block.

Overseas

China deepens oil, gas cooperation with Latin America

By Liu Yanan

China further deepens its energy cooperation with some countries in Latin America during the visit by Chinese president Xi Jinping.

China's oil and gas players could diversify operations, prompt internationalization, increase domestic supply and weaken "Asia premium" effect through expanding cooperation with countries in Latin America, according to Sun Hongbo, a researcher with Institute of Latin American Studies of Chinese Academy of Social Sciences.

The adaptability and localization of Chinese companies is the key to the oil and gas cooperation between China and Latin American countries, said Sun. Complex investment environment would be the biggest challenge facing bilateral oil and gas cooperation.

China and Venezuela vowed to enhance cooperation in finance and mining among other fields in a joint declaration issued on July 21 during Chinese President Xi's two-day visit to the country.

China National United Oil Corporation Co., Ltd., a joint venture controlled by China National Petroleum Corporation (CNPC), would import 100,000 barrels of fuel oil each day in the coming three years from Venezuela with the signing of a 4-billion-US dollars loan-for-oil agreement on July 21, said CNPC.

China National United Oil Corporation Co. would purchase 790,000 barrels of crude oil and product oil from Venezuela each day on the signing of the deal. Included are around 500,000 barrels of imported crude oil from Venezuela, half of which is used to pay back Chinese loans.

CNPC and Venezuela's state-owned oil company Petroleo De Venezuela (PDVSA) inked an agreement on crude oil trading under bilateral finance fund on July 21. Venezuela would use the proceeds from selling crude oil and oil products to CNPC to pay back loans issued by China Development Bank. By now, China has provided over 20 billion US dollars of loans to Venezuela.

It's reported that the loan-for-oil mode would be used on the 325-square km Junin-4 block in Venezuela's Orinoco heavy oil belt. Relevant parties have signed a MOU in 2010 on supply of around 20 billion US dollars of 10-year-term loans.

CNPC and PDVSA are jointly building a 20-mln-t/yr joint venture refinery in south China's Jieyang with crude oil to be sourced from Junin-4 block. Building of the refinery would be completed at the end of 2016 and the refinery is expected to enter into operation in 2018, according to latest media reports.

China Development Bank recently opened an office in Venezuela as the first local office by Chinese financial bodies. .

The Bank of China also inked an agreement with the PDVSA and the CITIC Group committing to provide 691 million US dollars of credit line to the PDVSA.

The loans will be used to support the CITIC Group's geological survey, as well as feasibility research for gold and copper mines in Venezuela. Details of the agreement have not been unveiled.

Besides, the BOC will also provide the PDVSA with more services, such as opening accounts, oil trade settlement, and forex consulting.

Additionally, CNPC signed two agreements with Cuban state-run oil company Union CubaPetroleo (Cupet) during Xi's recent visit to Cuba.

Both sides inked a framework agreement on production sharing for incremental output with Seboruco oilfield and a drilling service agreement by CNPC's 9,000-meter drilling rigs on July 22.

The cooperation is aimed to speed up development of oilfields in nearby offshore areas, improve energy self sufficiency, cut operation costs and raise crude oil recovery rate in Cuba.

CNPC America Limited, a subsidiary of CNPC, produced 6.657 million metric (tons) tonnes of crude oil in the first half of 2014 in Latin America, 429,000 tonnes higher than its production target, said a release by CNPC on Thursday.

Included are 4.256 million tonnes of crude oil from MPE3 project in Venezuela and 1.235 million tonnes of crude oil from Andes project in Ecuador.

The daily crude oil output with MPE3 project increased to 157,000 barrels from 137,000 barrels in the beginning of 2014, said the release.

Offshore

China's deepwater rig ends drilling near Zhongjian Island in S. China Sea

By Liu Yanan

China's first deep-water semi-submersible drilling rig HYSY981 concluded its 73-day drilling activities in the sea area around the Zhongjian Island of Xisha Islands in South China Sea by surprise on July 15.

China National Petroleum Corporation (CNPC), parent of China's largest oil and gas producer PetroChina, said it has found oil and gas shows through drilling two deep-water exploration wells in the sea area.

China Oilfield Services Limited (COSL), a listed arm of China National Offshore Oil

Corporation (CNOOC), provided turnkey services for this drilling operation started on May 2 and ended on July 15.

Drilling rig HYSY981 operated by COSL completed the drilling of two exploratory wells in 73 days, in comparison of 100 days of designed work time.

The drilling rig fully and precisely extracted the related geological data as planned and the drilling task was not impacted by atrocious sea and weather condition such as typhoon, said a release by COSL.

COSL said its effective project management through optimizing the well drilling design and improving operation efficiency guaranteed the operation completed smoothly on schedule.

In the next step, CNPC said it would carry out comprehensive assessment of hydrocarbon horizons on the geological and analytical data in the area.

"Next phase arrangements are subject to the aforesaid comprehensive assessment," said CNPC in a release.

CNPC carried out well site survey in 2013 after setting the location of exploratory well in Zhongjiannan basin in 2011.

Since 2004, CNPC has been conducting geophysical prospecting activities to collect seismic data in the area. Still, CNPC has acquired three dimension seismic data of the area, according to Guan Qingyou, deputy head of the Minsheng Securities Research Institute and former researcher with CNOOC Energy Economics Research Institute.

There is very low possibility to have large-scale military conflicts in South China Sea in the future, according to Guan.

Zhongjian sag has basic conditions for forming oil or gas reservoirs and has some potential for oil and gas exploration according to preliminary analysis on latest data, said Qiu Zhongjian, a member of Chinese Academy of Engineering and Wang Zhen, a professor with China University of Petroleum-Beijing.

Developers obtained geological and engineering information on drilling project in South China Sea and developed preliminary technologies for deep-water drilling, according to the experts.

HYSY981 would execute drilling tasks from July 23 to September 30 offshore southeast Hainan Island, said a recent notice by Maritime Safety Administration. The site would be around 68 nautical miles to Lingshui cape.

Vessels are advised to keep away from a circular area around the rig with radius of 2,000 meters.

Coal chemical

China to regulate coal-to-oil, coal-to-gas development

By Niu Huizhe

National Energy Administration (NEA), China's top energy policy maker and regulator, has recently issued a notice to curb the blind development of local coal-to-oil, coal-to-gas projects.

Constructions of coal-to-gas, coal-to-oil projects with annual output above 2 billion cubic meters and 1 million tonnes should apply with investment administrative departments under the State Council for approval and projects with a scale below above standard will be prohibited from construction, the NEA said.

The NEA notice also specified that it would strengthen the resource allocation for coal-to-oil and coal-to-gas development, that coal supply should give priority to people's living use as well as to electricity generation purposes, and will forbid the development of coal-to-oil and coal-to-gas projects in provinces and regions that are in short supply of coal. Development of coal-to-oil and coal-to-gas projects at the cost of residential water, agricultural-use water as well as ecological water, underground water is also prohibited, the NEA said in the notice.

The NEA notice shows authority's plan to improve the layout of domestic coal chemical development particularly that of coal-to-oil and coal-to-gas development in a bid to direct the industry towards orderly development, experts say.

China has seen heating-up coal chemical investments in recent years. However, the sector became more and more controversial due to the associated CO2 emissions as well as excessive consumptions of water resources.

Industry experts point out that coal gas has larger energy consumption as well as emissions compared with gas-fired boiler, coal firing, natural gas power generation as well as diesel vehicles, noting that it is also less cost effective compared with other energy sources except from diesel.

Coal-to-gas has some environmental benefits but also caused more consumption of primary energy and greenhouse gas emissions, experts say, noting that currently, more cautions should be taken with coal-to-gas project development.

What's more, coal-to-oil and coal-to-gas projects did not generate returns on investment as expected and most companies have been loss-making on those projects.

Many companies just rush into the sector for a slice of the cake with few efforts made for technology investment and R&D which resulted in huge waste of resources and economic losses, according to an industry insider.

Some companies began to withdraw from the coal-to-oil and coal-to-gas business under the loss-making situation. Datang International Power Generation, for example, announced early this month that it had inked framework agreement with China Reform Holdings

Corp. on the restructuring of the listing unit's coal chemical business and related projects.

The coal chemical part of Datang International Power for above restructuring includes Inner Mongolia Datang Duolun Coal Chemical Co. Ltd., Inner Mongolia Datang Hexigten Coal-to-Gas Co. Ltd., Liaoning Datang International Fuxin Coal-to-Gas Co. Ltd., Datang Hulunbuir Chemical Fertilizer Co. Ltd, Inner Mongolia Datang International Xilinhot Mineral Industry Co. Ltd as well as relevant facilities and projects.

Datang International Power has attached great importance to its coal chemical business in recent years with accumulative investment amounting to some 58.4 billion yuan as of the end of 2013.

However, the coal chemical business did not go as expected with investment soaring but project construction proceeding slowly.

Datang incurred pre-tax operational losses of 2.2 billion yuan from its coal chemical business in 2013, according to the company's financial report for the year of 2013.

Datang International is not alone in the coal chemical asset peeling-off act. Oil giant CNOOC has also announced the transfer of equity in some of its loss-making coal chemical projects.

China Guodian Corporation, in the meantime, has also sold out or transferred all of its six coal chemical projects recently.

Coal-to-oil and coal-to-gas projects require high investment and high input into technology R&D which is not suitable for small and middle scale companies, industry insiders say.

The NEA and the National Development and Reform Commission (NDRC) are formulating guidance opinions on coal-to-oil and coal-to-gas industries, which are expected to be completed and released soon, the NEA said in the notice.

The access threshold of annual output of 2 billion cubic meters and 1 million tonnes for coal-to-gas and coal-to-oil sector is not new and has been specified in earlier industry regulations, experts say, noting that more detailed guidance opinions on coal-to-oil and coal-to-gas industries that will be released by the NEA and the NDRC will give more directions for the sector to develop more orderly.

Petro chemical

Chinese petroleum coke oversupply likely to continue this year

By Zhang Yuenan

Petroleum coke, in black solid or powder shape, is a by-product out of delayed coking facilities in oil refining. The petrochemical product is widely used in graphite making, refining and chemical industries.

The oversupply of petroleum coke in China is likely to continue in 2014, and its price is expected to stay tepid with fluctuations in the following few years, according to a report by Chi Hongquan, a researcher with Sinopec, China's largest petrochemical player.

Supply

1. Production capacity
China had 85 petroleum coke producers by the end of 2013, with total production capacities of 118.45 million tonnes per year, up 7.3 percent versus a year earlier, or up 8.5 million tonnes from 2013.

40 of them are subsidiaries of Sinopec, CNPC or CNOOC, which together own annual production capacities of 71.92 million tonnes, 60.7 percent of China's total.

The petroleum coke producers under Sinopec, mainly producing 2#, 3# and high-sulfer petroleum coke, are mostly located in China's northern, eastern, northwestern areas or along the Yangtze River, with larger capacities and outputs than those of CNPC and CNOOC.

Those under CNPC are mainly located in China's northeastern, northwestern and northern areas. Its northeast-based plants are the main producers of 1# petroleum coke in China.

The petroleum coke produced by CNPC and CNOOC has a higher quality than other refineries, aided by their premium crude oil sources.

Table 1: Chinese existed petroleum coke producers in 2013

(Unit: 1,000 tonnes per year)

Company	Capacity	Company	Capacity	Company	Capacity
CNOOC Huizhou Refinery Company	4,200	Sinopec Beijing Yanshan Company	1,400	China Bluestar Group Jinan Company	1,000
Sinopec Tahe company	3,900	Shandong Chambroad Petrochemicals Co., Ltd.	1,400	Shandong Rizhao Lanqiao Gangkou Petrochemicals Co., Ltd.	1,000
CNOOC Zhenhai Refinery Company	3,500	Shandong Huaxing Petrochemical Group Co., Ltd.	1,400	Jin'ao (Hubei) Science & Technology Chemical Industry Co., Ltd.	1,000
Sinopec Tianjin Company	3,500	Liaoning Huajin Tongda Chemicals Co., Ltd.	1,400	Shandong Dongying Hualong Refinery Company	1,000
Sinopec Jinling Company	3,400	Shandong Changyi Petrochemicals Co., Ltd.	1,400	Shandong Shenchi Petrochemicals Co., Ltd.	1,000
Sinopec Guangzhou Company	3,400	Shandong Weifang Hongrun Petrochemicals Co., Ltd.	1,400	Shandong Befar Group Binyang Gas and Chemical Company	1,000
Shandong Qilu Pertochemical Engineering Co., Ltd.	2,800	Sinopec Jingmen Company	1,300	Shandong Qingyishan Petrochemicals Co., Ltd.	1,000
Sinopec Shanghai Gaoqiao Company	2,600	Sinopec Beihai Company	1,200	Sinopec Shijiazhuang Refinery Company	800
Sinopec Shandong Dongming Company	2,600	Sinopec Changling Company	1,200	Shandong Kenli Petrochemical Group	800
CNOOC Qingdao Refinery Company	2,500	PetroChina Dushanzi Petrochemical Company	1,200	Dongying Hualian Petrochemicals Co., Ltd.	800
Sinopec Wuhan Company	2,500	PetroChina Lanzhou Petrochemical Company	1,200	Shandong Dongying Qirun Petrochemicals Co., Ltd.	800

...to be continued

Sinopec Yangzi Company	2,400	Sinopec Jinan Refinery Company	1,200	CNOOC Dongying Petrochemicals Co., Ltd.	800
CNOOC Zhoushan Company	2,400	Sinopec Cangzhou Refinery Company	1,200	Shandong Rizhao Chenxi Petrochemicals Co., Ltd.	600
Sinopec Fushun Company	2,400	PetroChina Urumchi Petrochemical Company	1,200	Wudi Xinyue Chemicals Co., Ltd.	600
Sinopec Shandong Jincheng Company	2,400	PetroChina Liaoyang Petrochemical Company	1,200	Fujian Refining & Petrochemical Company Limited	500
Sinopec Shanghai Company	2,200	Shandong Wantong Petrochemical Group Co., Ltd.	1,200	Hebei Xinquan Coking Co., Ltd.	500
Sinopec Maoming Company	2,000	Shandong Zhenghe Group Co., Ltd.	1,200	Shandong Shengxing Chemicals Co., Ltd.	450
PetroChina Karamay Petrochemical Company	1,800	Dongying Haike Ruilin Chemical Co., Ltd.	1,200	Shengli Oilfield Group	400
Shandong Tianhong Chemical Company	1,800	Shandong Shtar Science & Technology Group	1,200	Shandong Haike Group	400
Shandong Haihua Group Co., Ltd.	1,650	Shandong Huai'an Run'erhua Chemicals Co., Ltd.	1,200	Shandong Boxing Yongxin Energy Group	400
Sinopec Qingdao Company	1,600	Sinopec Jiujiang Company	1,000	Shandong Zibo Qingyuan Petrochemicals Co., Ltd.	400
North Petroleum & Chemical Group Co., Ltd. Liaoning Company	1,600	Dagang Oilfield Group	1,000	Yumen Refinery Company	300

...to be continued

Dongying Yatong Petrochemical Co., Ltd.	1,600	PetroChina Jilin Petrochemical Company	1,000	Hebei Huangye Xinyi Petrochemicals Co., Ltd.	300
Sinopec Anqing Company	1,500	PetroChina Liaohe Petrochemical Company	1,000	Shandong Qicheng Petrochemicals Co., Ltd.	300
Sinopec Jinxi Company	1,500	PetroChina Daqing Petrochemical Company	1,000	Shandong Zibo Xintai Petrochemicals Co., Ltd.	150
Sinopec Jinzhou Company	1,500	Shandong Huifeng Petrochemical Group Co., Ltd.	1,000	Hangzhou Refinery Company	120
Shandong Shouguang Luqing petrochemical corporation	1,500	Jiangsu Xinhai Petrochemical Group Co., Ltd.	1,000	Shanxi Coal and Chemical Industry Group Shenmu Tianyuan Chemical Industry Co., Ltd. 8	80
Shandong Yuhuang Chemical (Group) Co., Ltd.	1,500	Shandong Hengyuan Petrochemical Group Co., Ltd.	1,000	Total capacity	118,450
Sinopec Luoyang Company	1,400	Shandong Lijin Petrochemical Group Co., Ltd.	1,000		

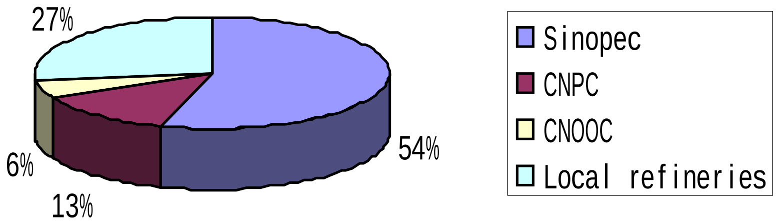
Source: Sinopec

2. Output

China's petroleum coke output in 2013 rose 1.9 percent year on year to 24.773 million tonnes, 54.7 percent of which were produced by refineries under Sinopec.

Although the local refineries, under losses, reduced operation rate in 2013, the total output of the Chinese local refineries still rose 7.4 percent year on year to 6.659 million tonnes.

Chart 1: Chinese petroleum coke output layout in 2013



Source: Sinopec

Consumption

The apparent consumption of petroleum coke in China saw an average like-for-like growth of 18 percent during 2006 to 2013, amid expansion of production capacities and rising demand from downstream.

In 2013, China's petroleum coke apparent consumption reached 31.693 million tonnes.

Table 2: China's petroleum coke output, consumption, trade in 2006-2013

(Unit: 1,000 tonnes)

Year	Output	Import volume	Export volume	Apparent consumption
2006	11,120	805	2,335	9,590
2007	14,100	783	1,591	13,292
2008	15,760	919	1,797	14,882
2009	15,320	3,265	1,404	17,181
2010	14,491	3,635	1,948	17,178
2011	14,376	3,393	2,469	15,300
2012	24,320	7,010	2,307	29,023
2013	24,773	9,353	2,430	31,696

Source: Sinopec

Production of electrolytic aluminum used 14.577 million tonnes of petroleum coke in 2013, about 46 percent of the country's total consumption of the petrochemical product, higher than any other downstream sector of petroleum coke.

Glass makers, power plants, refineries, cement mills and paper mills together consumed 8.874 million tonnes of petroleum coke in 2013, 28 percent of the national total.

Production of silicon metal, silicon carbide, carburant and graphite electrode consumed about 4.12 million tonnes of petroleum coke in 2013, accounting for 13 percent of the national total.

The rest 13 percent consisted of those used in prebaked anode or calcined petroleum coke production and direct export of petroleum coke.

China imported 9.353 million tonnes of petroleum coke in 2013, down 34.6 percent from 2012.

Among that, import from the United States had been the highest for eight consecutive years, followed by Canada and Indonesia. Other sources of China's petroleum coke imports include Chinese Taiwan, India, Japan, Britain, Kazakhstan, Germany and Sweden.

China exported 2.43 million tonnes of petroleum coke in 2013, up 1.4 percent from 2012. Its main destinations include India, Australia, the United States, Bahrain, Russia, Japan, Iran, Oman and Chinese Taiwan.

Prospect of Chinese petroleum coke sector

Electrolytic aluminum and glass, two major consumers of petroleum coke in China, are stuck in surplus production capacities. Elimination of the outdated capacities in the two sectors takes time, albeit strict requirement from the central government.

Preliminary statistics show the country's annual electrolytic aluminum capacities will reach 37 million tonnes this year, with 4.885 million tonnes to be newly launched, while the glass sector will launch more than 10 million tonnes of annual capacities this year.

These surplus sectors will maintain their high demand for petroleum coke in 2014 and 2015.

Meanwhile, it is possible the Chinese government would raise duties on high-sulfer petroleum coke imports out of environmental protection concerns.

The move would benefit sales of Sinopec's high-sulfur petroleum coke, which account for 74 percent of Sinopec's petroleum coke production.

Trading

China's oil net imports see 6.6 pct y-o-y growth to 160mln t in H1

By Qiu Jun

Rise of crude oil and LPG imports offsets declining product oil and other oil products imports in the first half of 2014, bringing China's net oil imports to hit 160 million metric tons (tonnes) or shoot up 6.6 percent year on year in the period.

It is noticeable that the net crude oil imports saw a year-on-year growth of 10.5 percent, while LPG net imports increased by about 150 percent year on year.

On the contrary, product oil witnessed sharp shrink of its imports in the first half, and lower exports compared with that in the same period of last year. But in breaking down items, diesel was the only kind that saw exports growing in the first half.

After the slowing-down in the first half, the country's economy could expect a cautious optimism in the second half year, as the central government's adoption of targeted stimulus measures might take effect to stabilize the economic growth. On the basis of this expectation, it is reasonable to predict that China's sliding demands for oil products might reverse and a mild growth could likely be seen.

Crude oil throughput shores up, but crude imports down in June

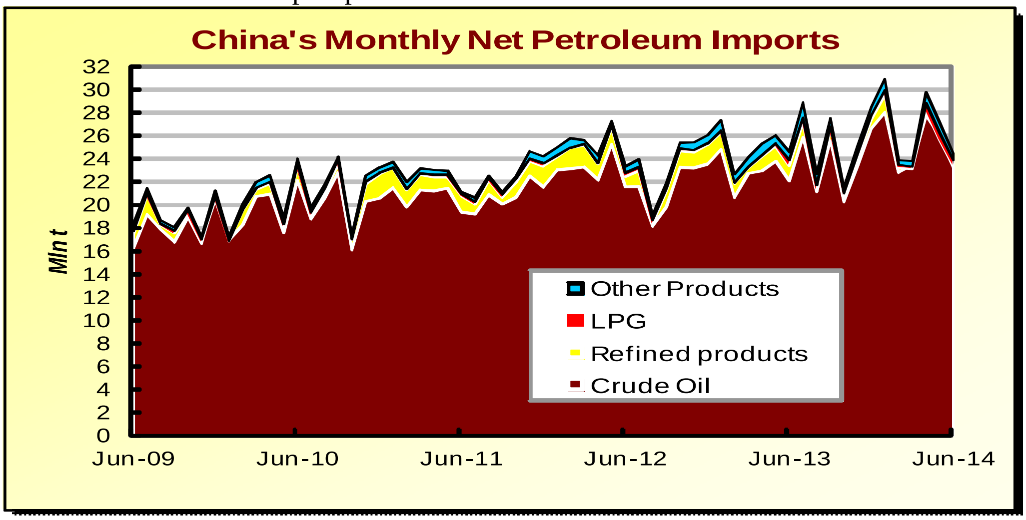
Crude oil imports fell to 23.28 million tonnes in June, hitting the four-month low, but up 5 percent over a year ago. In the first six months, imported crude oil was 152 million tonnes, up 10 percent year on year.

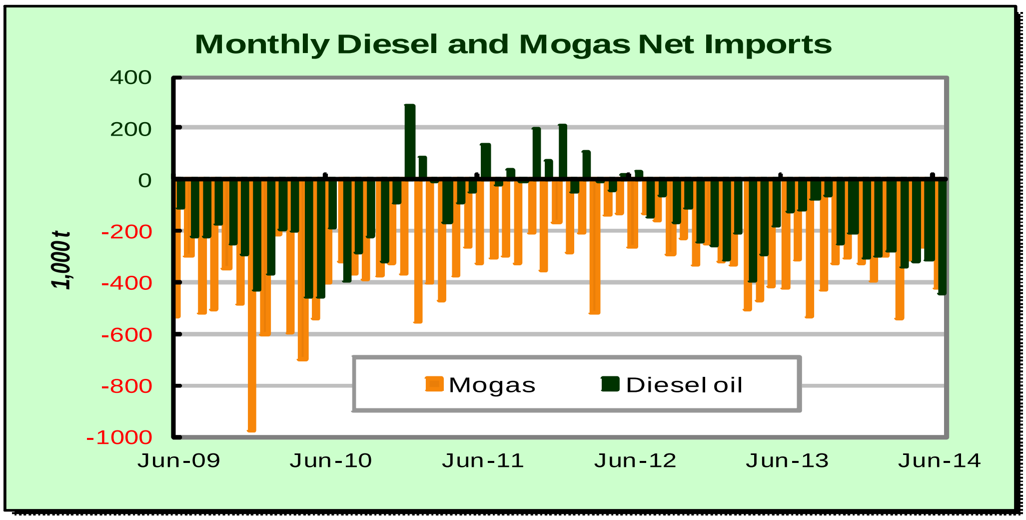
The import growth considerably overrode that of crude oil throughput, which only grew by 2.9 percent on year in the first half. This is indicating that part of crude oil imports were put into commercial crude oil reserves and national strategic petroleum reserves (SPR).

It is also noticeable that when crude oil imports dropped in June, the crude oil throughput saw apparent surge in the month. According to statistics from the National Bureau of Statistics (NBS), crude oil throughput topped 41.83 million tonnes in June, with the daily average to be the highest level since February this year.

As the world's second largest crude oil importer, after 282.1 million tonnes of crude oil shipped into China in 2013, the country is expected to import more than 300 million tonnes of crude oil in 2014.

In the past three year, the United States, the world's top crude oil importer, have increased its domestic crude oil output and thus seen its crude imports down year by year. In 2010, the US crude oil imports were averaged at 9.21 million barrels per day, while the daily imports dropped to 7.72 million barrels in 2013, or 384.4 million tonnes for the whole year. In the future, such trend of US oil imports might continue due to developments achieved in the shale gas revolution in the country. On the other hand, China might have its crude oil imports reach 330 million tonnes in 2016 or 2017 the latest, overtaking the US to become the world's top importer.





The dependency of US oil refineries on crude oil imports dropped to 50 percent in 2013, from that of 67 percent in 2008. On contrast, China's domestic oil refineries' such dependency increased to 59 percent in 2013, compared with 53 percent in 2008.

China exports no crude oil in the past four months in a row, and the exports in the first half were only 250,000 tonnes, mostly shipped to South Korea and Japan in the first two month of this year, compared with 870,000 tonnes of crude exports in the first half of 2013, which mostly went to Japan and DPRK.

DPRK used to be the major receiver of China's crude oil exports. In the past decade, some 500,000 tonnes of crude oil had been exported to DPRK every year, while until the end of the first half of this year, no crude oil was been exported to the neighboring country. However, some 70,000 tonnes of product oil exports from China to DPRK, mostly gasoline, was registered for the first half of this year by the GAC statistics, up 46 percent year on year.

Diesel exports up 25 pct on yr in H1

China's GDP growth reached 7.5 percent on year in the first half of 2014, indicating a mild economic activity, which limited growth of domestic demands for product oil, especially diesel. But in recent months, the economic climax index show positive signals, for instance, China's manufacturing PMI in June witnessed the fourth rise in a row in June to reach 51.0.

The apparent consumption (output plus net imports) of diesel, which is mostly used as fuel for industrial facilities and transportation vehicles and vessels, saw year-on-year growth of 4.2 percent in June, compared with negative growth in May and April. But the total diesel consumption in the first six months was still lower than that in the same period of last year, or down 1.1 percent year on year. In the first half, diesel exports stood at 2. 18 million tonnes, up about 25.5 percent over the same period of last year.

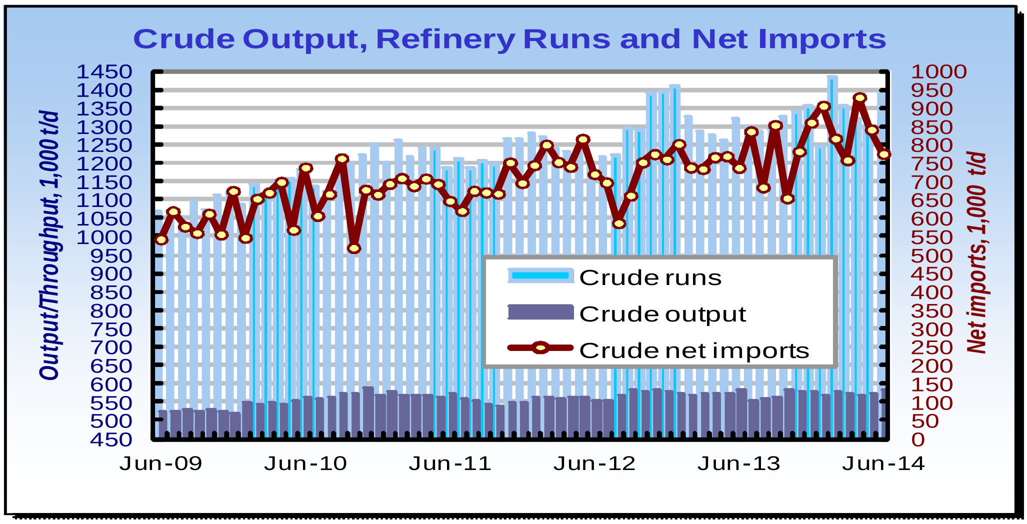


Table 3: China's crude oil imports by source in June 2014

(Unit: 1,000 tonnes)

Country/Region	Jun. 2014	Jan.-Jun. 2014	Jan.-Jun. 2013	Change, y-o-y
Saudi Arabia	3,914.7	24,168.9	26,991.8	-10.5%
Iran	2,183.1	15,563.3	10,516.5	48.0%
Oman	2,715.1	14,503.7	11,233.5	29.1%
Iraq	1,653.3	13,876.4	11,376.6	22.0%
U.A.E	1,384.1	5,397.3	5,238.8	3.0%
Kuwait	300.9	3,867.2	4,282.4	-9.7%
Yemen	432.3	963.2	880.1	9.5%
Qatar	-	137.6	130.8	5.2%
Middle East	**12,583.5**	**78,477.6**	**70,650.5**	**11.1%**
Angola	2,696.3	20,818.6	20,130.4	3.4%
Congo	644.7	3,210.5	3,766.0	-14.8%
South Sudan	413.4	3,096.4	-	-
Equatorial Guinea	263.0	1,739.6	1,216.9	43.0%
Nigeria	126.5	1,214.9	388.1	213.0%
Sudan	73.0	953.9	735.5	29.7%
Gabon	140.6	782.2	109.7	612.8%
DR Congo	124.4	630.3	611.9	3.0%
Others	0.0	1,749.8	4,144.9	-57.8%
Africa	**4,482.0**	**34,196.2**	**31,103.4**	**9.9%**
Russia	2,404.9	15,333.6	12,402.4	23.6%
Kazakhstan	378.9	3,343.0	5,980.8	-44.1%
Others	-	906.1	49.0	1749.4%
Europe/USSR	**2,783.9**	**19,582.7**	**18,432.2**	**6.2%**
Venezuela	993.6	7,846.1	8,822.0	-11.1%
Columbia	1,109.2	4,797.7	2,160.7	122.0%
Brazil	414.0	2,646.5	2,453.2	7.9%
Mexico	66.2	345.1	551.7	-37.5%
Argentina	109.8	253.9	145.7	74.3%
Bolivia	74.7	131.1	-	-
Canada	79.8	79.8	237.6	-66.4%
Others	-	504.1	572.0	-11.9%
West hemisphere	**2,847.3**	**16,604.3**	**14,943.0**	**11.1%**
Australia	239.2	1,442.7	1,330.3	8.5%
Vietnam	226.5	784.7	278.9	181.3%
Mongolia	116.9	467.8	262.5	78.2%
Others	-	403.1	1,172.2	-65.6%
Asia Pacific	**582.6**	**3,098.3**	**3,043.8**	**1.8%**
Total imports	**23,279.3**	**151,959.2**	**138,173.0**	**10.0%**

Source: General Administration of Customs

Table 5: China's crude oil exports by destination in June 2014

(Unit: 1,000 tonnes)

Country/Region	Jun. 2014	Jan.-Jun. 2014	Jan.-Jun. 2013	Change, y-o-y
South Korea	-	93.6	-	-
Japan	-	78.4	385.4	-79.7%
DPRK	-	-	250.6	-100.0%
Others	-	80.9	232.9	-65.3%
Total exports	**-**	**252.9**	**869.0**	**-70.9%**

Source: General Administration of Customs

Table 6: China's oil products imports in June 2014

(Unit: 1,000 tonnes)

Variety	Jun. 2014	Jan.-Jun. 2014	Jan.-Jun. 2013	Change, y-o-y
Crude oil	**23,279.3**	**151,959.2**	**138,173.0**	**10.0%**
Product oil	**2,361.7**	**15,262.2**	**21,600.3**	**-29.3%**
Gasoline	0.0	0.3	0.1	394.3%
Naphtha	153.6	949.2	1,780.7	-46.7%
Jet fuel	377.3	1,973.3	2,782.4	-29.1%
Light diesel	36.2	210.1	238.7	-12.0%
Fuel oil	1,399.4	9,813.3	14,529.4	-32.5%
#5-7 fuel oil	*1,383.8*	*9,748.1*	*13,832.2*	*-29.5%*
Other fuel oil	*15.7*	*65.2*	*697.2*	*-90.6%*
Lube oil	26.3	163.5	149.3	9.5%
Base oil	197.8	1,468.5	1,085.0	35.3%
Other product oil	171.0	684.0	1,034.8	-33.9%
LPG	**627.7**	**3,169.6**	**1,606.3**	**97.3%**
Other oil products	**838.4**	**5,674.3**	**6,298.1**	**-9.9%**
Wax	0.9	5.6	3.9	43.7%
Petroleum coke	506.9	3,633.6	4,726.1	-23.1%
Uncalcined	*505.6*	*3,625.3*	*4,707.8*	*-23.0%*
Calcined	*1.4*	*8.3*	*18.3*	*-54.6%*
Asphalt	330.6	2,035.1	1,568.1	29.8%
Total imports	**27,107.1**	**176,065.3**	**167,677.7**	**5.0%**

Source: General Administration of Customs

Table 7: China's oil product exports in June 2014

(Unit: 1,000 tonnes)

Variety	Jun. 2014	Jan.-Jun. 2014	Jan.-Jun. 2013	Change, y-o-y
Crude oil	**-**	**252.9**	**869.0**	**-70.9%**
Product oil	**2,246.6**	**13,674.0**	**14,696.0**	**-7.0%**
Gasoline	421.1	2,220.7	2,461.8	-9.8%
Naphtha	-	121.5	324.4	-62.6%
Jet fuel	606.0	4,617.4	4,349.9	6.2%
Light diesel	476.4	2,184.2	1,739.9	25.5%
Fuel oil	731.8	4,420.8	5,734.3	-22.9%
#5-7 fuel oil	*726.0*	*4,379.0*	*5,074.5*	*-13.7%*
Other fuel oil	*5.8*	*41.7*	*659.8*	*-93.7%*
Lube oil	7.2	49.9	57.5	-13.2%
Base oil	2.0	7.0	16.5	-57.7%
Other product oil	2.1	52.6	11.7	348.3%
LPG	**109.2**	**680.7**	**610.9**	**11.4%**
Other oil products	**313.4**	**1,475.4**	**1,455.4**	**1.4%**
Wax	33.0	218.9	262.3	-16.5%
Petroleum coke	255.3	1,152.0	1,127.2	2.2%
Uncalcined	*105.3*	*558.2*	*524.1*	*6.5%*
Calcined	*150.1*	*593.8*	*603.1*	*-1.5%*
Asphalt	25.1	104.5	65.8	58.8%
Total exports	**2,669.2**	**16,083.0**	**17,631.3**	**-8.8%**
Net oil imports	**24,437.9**	**159,982.3**	**150,046.4**	**6.6%**
Crude oil	***23,279.3***	***151,706.3***	***137,304.0***	***10.5%***
Product oil	***115.1***	***1,588.2***	***6,904.3***	***-77.0%***
LPG	***518.5***	***2,488.8***	***995.4***	***150.0%***
Other oil products	***525.0***	***4,198.9***	***4,842.7***	***-13.3%***

Source: General Administration of Customs

China's LPG imports hit new high in Q2 on East China boom

By Qiu Jun

China's liquefied petroleum gas (LPG) imports in the second quarter stroke a new quarterly highest record, driven by the propane import surge in East China, which is to witness formal operation of several new PDH units. Such PDH units run by Zhejiang Satellite Petrochemical Co., Ltd. (Satellite Petrochemical, 002648.SZ), Zhejiang Haiyue Co., Ltd. (Zhejiang Haiyue, 600387.SH) and Sanyuan Petrochemical have almost been completed and rolled out plans to start formal operation within the second half of 2014.

Increasing demands from PDH projects have boosted LPG imports in Jiangsu and Zhejiang in East China to double in the first half of this year, also bringing the country's LPG imports to grow quickly. The country's LPG imports in the first six months were about 1. 56 million metric tons (tonnes) more than the same period of last year, much higher than the market had expected. If such growth continues in the second half, it is highly possible that the whole year's imports may exceed 6 million tonnes in 2014.

LPG imports in Zhejiang at unprecedented high

The country's LPG imports stood at 627,700 tonnes in June, up 15.1 percent year on year, but lower than that in April and May, adding up the total imports to 2.1011 million tonnes in the second quarter. This is the first time that the LPG imports exceed the mark of 2 million tonnes in the history.

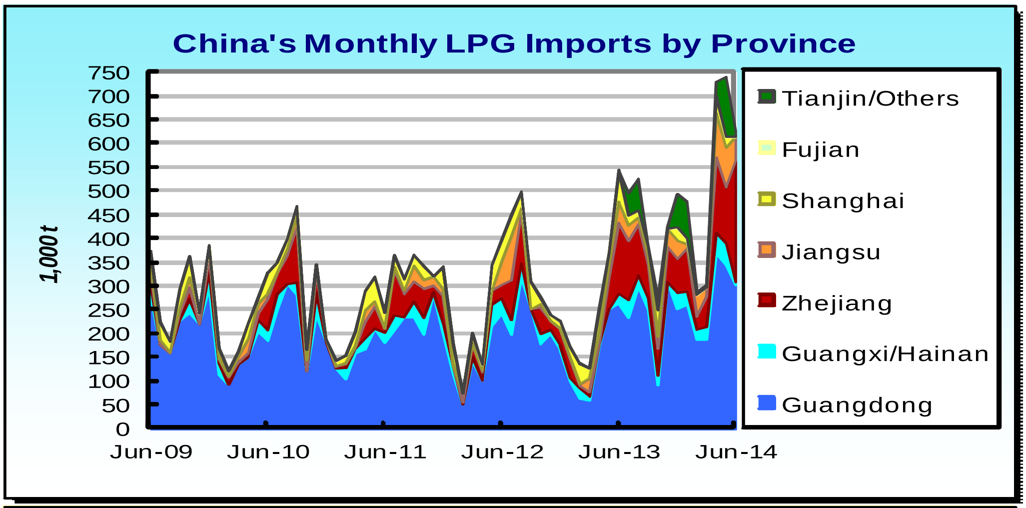
In the first half, the LPG imports stood at 3.1696 million tonnes, up 97.3 percent over the same period of last year.

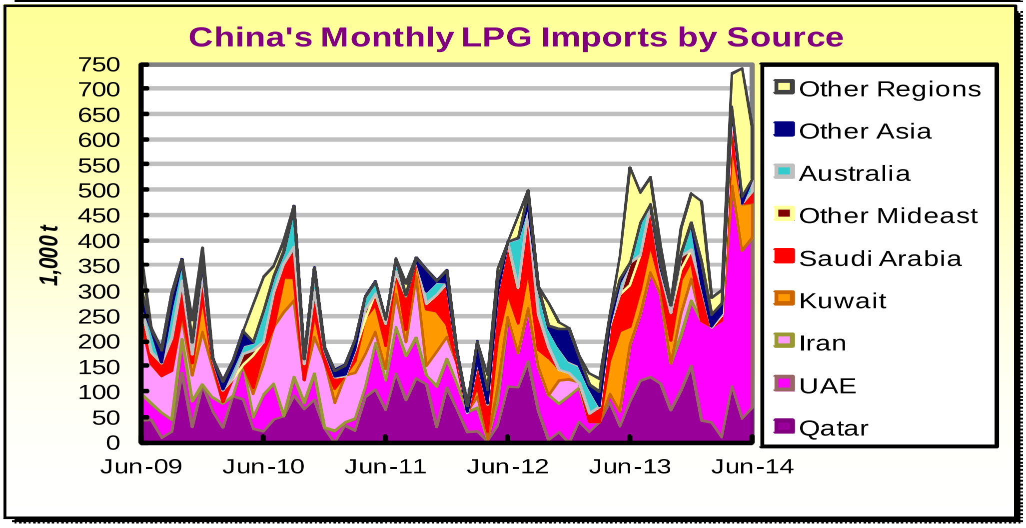
LPG imports in east China's Zhejiang province reached a record high of 254,400 tonnes in June, including some 200,000 propane imports, pushing up the imports in East China to an unprecedented high level. In the first six months, the province's propane imports topped 500,000 tonnes, about 350,000 tonnes more than the same period of last year.

According to industry source, Satellite Petrochemical's 450,000 tonne/year PDH unit, located in Jiaxing city of east China's Zhejiang province, has entered into trial operation so far, while Zhejiang Haiyue's 600,000 tonne/year PDH unit, in Ningbo city of Zhejiang, is also under test run. The two PDH projects are likely to be the second and third PDH units under formal operation, after the first such unit operational by Tianjin Bohua since September 2013, with an annual production capacity of 600,000 tonnes.

Another two PDH projects, including Sanyuan Petrochemical's 450,000 tonne/year in Shaoxing of Zhejiang and Oriental Energy Co., Ltd. (Oriental Energy, 002221.SZ)'s 600, 000 tonne/year in Zhangjiagang of Jiangsu province, are at the very end of their construction.

Boosted by these new PDH units in East China, the LPG imports in the region saw drastic growth to reach 1.0848 million tonnes in the first half, up 76.4 percent year on year.





Domestic oil refineries' LPG output growth keep higher than crude oil throughput growth. When the country's oil refineries saw 2.9 percent year on year growth of their crude oil throughput in the first half of 2014, the LPG output growth stood at 4.4 percent during the same period.

Meanwhile, the ethylene output saw an unusual growth of 5.3 percent on year in the first six months, indicating still strong demands from the chemical raw material sector. The additional LPG output of 530,000 tonnes from the oil refineries might have all been used as chemical feedstock in the first half. In June, the domestic LPG output increased to 2.21 million tonnes, the highest since this year.

The monthly curtailed imports in June also pressed down apparent consumption (output plus net imports) to slide from the highest level in May, but the consumption was still as high as 15.13 million tonnes in the first half, up 16.6 percent year on year.

LPG exports from Canada's west coast expectable

In the first half, China's natural gas imports also witnessed a boom to reach 27 billion cubic meters, up 17.6 percent year on year. The Far East-delivery spot price of LNG fell to 11 US dollars per one million British thermal unit (million BTU), compared with the price of 20 US dollars at the beginning of February this year.

Although some rebounds could still be seen in the future, the expectation of US LNG exports to be started in 2015 might strengthen pressure against LNG prices. Inspired by the "shale gas revolution", the United States and Canada have 28 and 17 natural gas liquidation projects under operation, respectively. And also, Canada is about to start LNG exports in 2017, through outlets in its west coast, while some Canadian energy players are also planning to build wharfs for LPG exports to countries and regions in the Asia Pacific area.

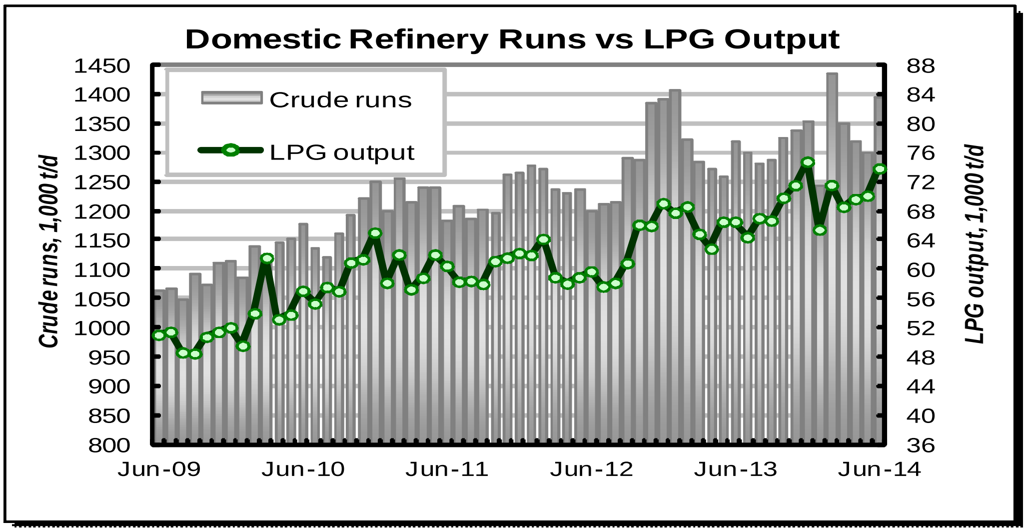


Table 8: China's natural gas trade in June 2014

(Unit: million cubic meters)*

Imports	Jun. 2014	Jan.-Jun. 2014	Jan.- Jun. 2013	Change, yo-y
LNG	1,826.6	13,485.4	11,337.8	18.9%
Pipeline gas	2,865.6	14,650.0	12,820.9	14.3%
Total imports	**4,692.2**	**28,135.4**	**24,158.7**	**16.5%**
Imports	**Jun. 2014**	**Jan.-Jun. 2014**	**Jan.- Jun. 2013**	**Change, yo-y**
LNG	-	-	-	-
Pipeline gas	180.0	1,109.1	1,174.3	-5.6%
Total exports	**180.0**	**1,109.1**	**1,174.3**	**-5.6%**
Net imports	**4,512.2**	**27,026.3**	**22,984.4**	**17.6%**

Source: General Administration of Customs

**Original unit of import and export data provided by General Administration of Customs is metric tons (tonnes). The table coverts the unit on the basis of one metric ton equal to 1,360 cubic meters.*

Table 9: China's LPG imports by source, province in June 2014

(Unit: 1,000 tonnes)

Country/Region	Jun. 2014	Jan.-Jun. 2014	Jan.-Jun. 2013	Change, y-o-y
U.A.E	336.5	1,686.0	245.8	586.0%
Qatar	70.5	326.7	298.3	9.5%
Kuwait	69.0	242.0	260.8	-7.2%
Saudi Arabia	21.6	167.1	275.9	-39.4%
Others	-	-	54.5	-100.0%
Middle East	**497.7**	**2,421.9**	**1,135.3**	**113.3%**
South Korea	0.0	87.9	60.6	45.0%
Australia	24.7	36.1	103.9	-65.3%
Others	0.0	18.4	20.7	-11.4%
Asia Pacific	**24.7**	**142.3**	**185.2**	**-23.2%**
U.S	32.5	243.3	68.0	257.8%
Nigeria	-	136.4	52.2	161.2%
Algeria	26.2	59.1	78.9	-25.1%
Kazakhstan	12.2	48.6	10.6	358.6%
Angola	0.0	45.4	45.7	-0.6%
Norway	20.4	40.6	10.0	305.6%
Peru	14.0	32.0	-	-
Others	0.0	0.0	20.3	-99.9%
Other regions	**105.3**	**605.4**	**285.8**	**111.9%**
Total imports	**627.7**	**3,169.6**	**1,606.3**	**97.3%**
Propane	***405.1***	***2,104.0***	***930.9***	***126.0%***
Butane	***210.4***	***1,013.1***	***655.0***	***54.7%***
Mixed	***12.2***	***52.4***	***20.4***	***157.4%***
Province	**Jun. 2014**	**Jan.-Jun. 2014**	**Jan.-Jun. 2013**	**Change, y-o-y**
Guangdong	302.6	1,653.3	912.2	81.2%
Guangxi	7.0	175.0	65.1	168.7%
South China	**309.6**	**1,828.3**	**977.3**	**87.1%**
Shanghai	0.0	70.9	217.9	-67.5%
Jiangsu	51.5	304.6	129.5	135.2%
Zhejiang	254.4	709.3	267.6	165.1%
Shandong	-	0.0	0.0	1.2%
East China	**306.0**	**1,084.8**	**615.0**	**76.4%**
Tianjin	-	207.6	3.1	6599.5%
Xinjiang	12.2	48.6	10.6	358.6%
Liaoning	0.0	0.3	0.3	-0.1%
Beijing	0.0	0.0	-	-
NW/NE/N China	**12.2**	**256.5**	**14.0**	**1726.8%**
Total imports	**627.7**	**3,169.6**	**1,606.3**	**97.3%**
Total exports	**109.2**	**680.7**	**610.9**	**11.4%**
Net imports	**518.5**	**2,488.8**	**995.4**	**150.0%**

Source: General Administration of Customs

Table 10: China's LPG import volume, value, price in the past year

Mon/Qua/Yr	Volume, ton	Value, USD	Price, USD/t	Saudi CP
2009	**4,091,407**	**2,040,678,648**	**498.77**	**502.92**
2010	**3,196,237**	**2,258,646,792**	**706.66**	**708.33**
2011	**3,408,109**	**2,908,789,747**	**853.49**	**828.75**
2012	**3,333,251**	**3,016,373,398**	**904.93**	**914.58**
2013	**4,211,010**	**3,814,881,827**	**905.93**	**857.50**
Q2'13	1,168,840	975,112,478	834.26	756.67
Q3'13	1,410,591	1,223,713,455	868.96	821.67
Q4'13	1,194,107	1,193,949,160	999.87	931.67
Q1'14	1,068,495	1,014,054,861	949.05	945.00
Q2'14	**2,101,090**	**1,881,029,373**	**894.73**	**805.00**
Jun. 2013	545,493	450,131,706	825.18	745.00
Jul. 2013	496,112	419,249,921	845.07	795.00
Aug. 2013	526,491	459,568,622	872.89	820.00
Sept. 2013	387,988	344,894,912	888.93	850.00
Oct. 2013	274,614	261,045,670	950.59	820.00
Nov. 2013	425,374	414,935,797	975.46	875.00
Dec. 2013	494,120	517,967,693	1,048.26	1,100.00
Jan. 2014	*478,460*	*468,345,650*	*978.86*	1,010.00
Feb. 2014	287,266	268,008,828	932.96	970.00
Mar. 2014	302,769	277,700,383	917.20	855.00
Apr. 2014	731,406	660,746,380	903.39	770.00
May 2014	741,987	665,297,897	896.64	810.00
Jun. 2014	**627,696**	**554,985,096**	**884.16**	**835.00**
Jan.-Jun. 2014	**3,169,628**	**2,892,844,921**	**912.68**	**875.00**
Jan.-Jun. 2013	**1,606,312**	**1,397,219,212**	**869.83**	**838.33**
Change, y-o-y	**1,563,316**	**1,495,625,709**	**42.85**	**36.67**
Growth, y-o-y	***97.3%***	***107.0%***	***4.9%***	***4.4%***

Source: General Administration of Customs

Table 11: China's LPG exports by destination in June 2014

(Unit: 1,000 tonnes)

Country/Region	Jun. 2014	Jan.-Jun. 2014	Jan.-Jun. 2013	Change, y-o-y
Philippines	26.5	230.3	140.3	64.2%
Hong Kong	25.7	208.9	189.6	10.2%
Vietnam	43.9	176.6	165.9	6.4%
South Korea	0.0	23.7	54.4	-56.5%
Macao	4.2	22.6	18.4	22.6%
Bangladesh	6.4	6.4	4.4	46.4%
Malaysia	1.8	5.0	19.2	-73.8%
Australia	0.1	2.2	2.6	-15.3%
DPRK	0.2	1.2	1.0	14.3%
Myanmar	0.2	1.0	0.9	12.1%
Others	0.1	2.9	14.2	-79.7%
Total exports	**109.2**	**680.7**	**610.9**	**11.4%**
Propane	***46.5***	***259.3***	***240.3***	***7.9%***
Butane	***62.5***	***420.7***	***369.9***	***13.7%***
Mixed	***0.2***	***0.8***	***0.7***	***10.6%***
Province	**Jun. 2014**	**Jan.-Jun. 2014**	**Jan.-Jun. 2013**	**Change, y-o-y**
Guangdong	93.3	543.7	477.8	13.8%
Guangxi	15.4	88.4	65.4	35.2%
Zhejiang	0.0	45.8	62.6	-26.9%
Yunnan	0.1	0.7	0.6	28.1%
Liaoning	0.1	0.6	0.5	31.1%
Jilin	0.1	0.6	0.6	3.7%
Jiangsu	0.1	0.5	2.8	-82.3%
Others	0.1	0.5	0.7	-24.7%
Total exports	**109.2**	**680.7**	**610.9**	**11.4%**

Source: General Administration of Customs

Output

China's crude oil, natural gas output by field in June 2014

(Unit: 1,000 tonnes and million cubic meters)

Field name	Jun. crude	Jan.-Jun. crude	Jun. gas	Jan.-Jun. gas
Daqing	3,350.4	20,108.2	269.97	1,737.43
Huabei	360.6	2,117.0	83.22	505.63
Liaohe	853.7	5,017.0	56.69	347.25
Xinjiang	1,004.7	5,865.0	237.10	1,581.51
Dagang	401.7	2,349.5	47.53	273.88
Jilin	432.0	2,572.0	150.29	854.24
Changqing	2,113.7	12,240.8	2,845.14	19,315.82
Yumen	46.2	259.4	1.72	6.69
Qinghai	187.4	1,106.4	536.64	3,503.83
Sichuan	15.0	90.5	1,044.96	6,373.08
Yanchang	1,220.0	7,270.0		
Jidong	143.2	855.1	52.79	299.23
Tarim	476.2	2,850.6	1,641.20	11,818.03
Tuha	163.5	924.7	90.01	480.08
Total CNPC	10,768.3	63,626.1	7,057.26	47,096.70
Shengli	2,293.2	13,809.3	42.55	249.01
Henan	198.2	1,195.5	4.02	25.70
Zhongyuan	190.0	1,155.9	712.32	4,267.46
Jianghan	81.0	485.2	110.12	545.44
Jiangsu/Anhui	140.6	848.0	4.49	26.87
Dianqiangui	-			
NewStar	698.7	4,197.7	756.44	4,731.24
Shanghai Ocean	3.3	20.0	21.00	146.00
Total Sinopec	3,604.9	21,711.5	1,650.94	9,991.72
CNOOC, others	3,128.6	18,721.3	891.80	5,438.58
Total China	17,501.8	104,058.9	9,600.00	62,527.00

CNOOC Ltd. (CEO.NYSE) oil fields start production

BEIJING, July 31 (Xinhua) — China National Offshore Oil Corp. Ltd (CNOOC Ltd., CEO.NYSE), the country's largest offshore oil producer, announced Thursday that Panyu 10-2/5/8 oil fields have started production.

The oil fields are expected to hit a combined peak production of 13,000 barrels per day by the end of 2015, a company press release said.

The project, which consists of oil fields 10-2, 10-5 and 10-8, is located in the Pearl River Estuary Basin in the South China Sea with an average water depth of about 100 meters.

It was designed to share the existing production facilities of Panyu 4-2 oil field.

Nine new wells and a wellhead platform have been drilled. Four of the wells have started production, with a daily output of about 9,000 barrels of crude oil.

CNOOC Ltd. owns 100 percent of the oil fields.

CNOOC Ltd. puts Lishui36-1 gas field into production

BEIJING, July 31 (Xinhua) – China-based offshore oil and gas developer CNOOC Ltd (CEO.NYSE; 00883.HK) has put Lishui36-1 offshore gas field into production recently, according to a release by CNOOC Ltd.

Lishui36-1 gas field has four production wells, a comprehensive platform and a processing terminal.

As the operator of Lishui36-1, CNOOC Ltd. have 51 percent working interests of the gas field with Primeline Energy China Ltd. and Primeline Petroleum Corporation holding 36.75 percent and 12.25 percent shares, respectively.

Lishui36-1 is located 150 km offshore Wenzhou of east China's Zhejiang Province and has 84 meters of averaged water depth.

Sinopec, Ruentex Group ink frame agreement on business cooperation

BEIJING, July 29 (Xinhua) – The Sinopec Sales Co., Ltd. and Ruentex Group signed a frame agreement on business cooperation on July 29, and the two companies will roll out cooperation in three aspects.

They will conduct co-procurement for goods of Sinopec's Easy Joy convenience shop to lower cost; try out cooperative operation and expand the cooperation scope taking Shanghai Easy Joy convenience shops; and will explore e-business and O2O business cooperation.

Sinopec Sales Co., Ltd. is the sales arm of China's largest oil refiner Sinopec (SNP.NYSE; 00386.HK; 600028.SH), who runs the Easy Joy convenience shop.

By the end of 2013, Sinopec had 30,338 self-run gas stations and 23,431 Easy Joy convenience shops.

Sinopec Daniudi gas field to produce 5 bln cu.m in 2016

BEIJING, July 29 (Xinhua) – China's largest oil refiner Sinopec (SNP.NYSE; 00386.HK; 600028.SH) plans to raise the annual production capacity of north China's Daniudi gas field to 5 billion cu.m in 2016, said a release by Sinopec Corp. on July 29.

Sinopec Corp. intends to maintain stability of output in Daniudi gas field for over 20 years after 2016 through technological progress and digging into remaining reserves.

Daniudi gas field now has 4 billion cu.m of production capacity and has generated over 20.056 billion cu.m of natural gas since its operation in 2003.

China's coal inventories rise, losses widen

BEIJING, July 26 (Xinhua) — China's coal producers faced greater inventories in the first half of the year as an economic slowdown and lingering oversupply continued to weigh down the sector, according to data from the National Development and Reform Commission (NDRC).

By the end of June, Chinese coal producers had 99 million tonnes of unsold coal, while the country's key thermal power plants, the primary consumer of coal, had 79.06 million tonnes of coal inventories able to meet demand for 23 days, the NDRC said Saturday in a statement.

Wang Xianzheng, president of China National Coal Association (CNCA), warned that the industry's situation could worsen due to a lingering oversupply in the current economic slowdown.

A CNCA investigation across the country showed more than 70 percent of the country's coal enterprises are operating at a loss and workers at over half of China's coal producers have had wage cuts or defaults.

In the January-June period, railway coal shipments reached 1.15 billion tonnes, up 0.7 percent from the previous year, according to the NDRC.

Customs data showed China's coal imports grew 0.9 percent year on year to reach 160 million tonnes in the first half of the year, while coal exports slumped 22.4 percent to 3.16 million tonnes.

Drilling rig HYSY981 to be deployed offshore Hainan till Sept. 30

BEIJING, July 25 (Xinhua) – China's first deepwater drilling rig HYSY981 would execute drilling tasks from July 23 to September 30 offshore southeast Hainan Island, said a notice by Maritime Safety Administration on July 24.

Operated by China Oilfield Services Limited (COSL), a listed arm of China National Offshore Oil Corporation (CNOOC), HYSY981 would be around 68 nautical miles to Lingshui cape.

Vessels are advised to keep away from a circular area around the rig with radius of 2,000 meters.

On July 16, HYSY981 completed 73-days deep-water exploration and drilling operation in the sea area around the Zhongjian Island of Xisha Islands in South China Sea.

PetroChina puts branch line of Zhongwei-Guiyang gas pipeline into use

BEIJING, July 25 (Xinhua) – China's largest oil and gas producer PetroChina (PTR.NYSE; 00857.HK; 601857.SH) put Tianshui branch pipeline of Zhongwei-Guiyang natural gas pipeline into operation on July 21, said a report by China Petroleum Daily on July 25.

Tianshui branch runs a total length of 51.5 kilometers with designed pressure of 6.3 MPa and handling capacity of 500 million cubic meters. Its construction work started on October 20, 2011 and ended on June 30, 2013.

Tianshui branch pipeline is being supercharged at the moment, and natural gas will be delivered to local residents at the end of this month.

Zhongwei-Guiyang natural gas pipeline runs from Zhongwei in Northwest China's Ningxia Hui Autonomous Region to Guiyang in Southwest China's Guizhou province with a designed transportation capacity of 15 billion cubic meters per year. It has three branch pipelines within Gansu province, namely Longxi branch, Longnan branch and Tianshui branch.

CNPC inks PSC, drilling service deals with Cuban state oil co. CubaPetroleo

BEIJING, July 25 (Xinhua) – China National Petroleum Corporation (CNPC), parent company of China's largest oil and gas producer PetroChina (PTR.NYSE; 00857.HK; 601857.SH), on July 25 said it recently signed two agreements with Cuban state-run oil company Union CubaPetroleo (Cupet).

Both sides inked a framework agreement on production sharing for incremental output with Seboruco oilfield and a drilling service agreement by CNPC's 9,000-meter drilling rigs on July 22.

The cooperation is aimed to speed up development of oilfields in nearby offshore areas, improve energy self sufficiency, cut operation costs and raise crude oil recovery rate in Cuba.

CNPC generates 6.657 mln t crude oil in Latin America in H1

BEIJING, July 24 (Xinhua) – CNPC America Limited, a subsidiary of China National Petroleum Corporation (CNPC), produced 6.657 million metric (tons) tonnes of crude oil in the first half of 2014 in Latin America, 429,000 tonnes higher than its production target, said a release by CNPC on July 24.

Included are 4.256 million tonnes of crude oil from MPE3 project in Venezuela and 1.235 million tonnes of crude oil from Andes project in Ecuador.

The daily crude oil output with MPE3 project increased to 157,000 barrels from 137,000 barrels in the beginning of 2014, said the release.

CNOOC overseas assets top RMB400 bln

BEIJING, July 24 (Xinhua) – China National Offshore Oil Corporation (CNOOC) now has more than 400 billion yuan of overseas assets, according to a release by CNOOC on July 23.

CNOOC Marketing Company opened two gas stations for the first time in northeast China's Liaoning province.

CNOOC has imported over 60 million tonnes of LNG accumulatively through multiple LNG receiving terminals along China's coastal area.

China UHV power line construction picks up upon speeding-up approval

BEIJING, July 23 (Xinhua) – The Ximeng-Shandong 1000KV ultra-high voltage alternating current (UHV-AC) power transmission and transformation project has received approval from the National Development and Reform Commission (NDRC) for construction, according to a source with the State Grid Shandong Electric Power Company.

This is the second UHV power line that obtained approval this year, China Securities Journal reported Wednesday.

The speeding-up approval would push forward UHV power line constructions and relevant UHV equipment companies would benefit, analysts say.The Ximeng-Shandong line is expected to start construction this September and put into operation in 2017.

The project, when in operation, will enhance coal and wind power base Ximeng's power delivery capability and meet power demand in the Beijing-Tianjin-Hebei region while ease the region's environment pressure.

COSL has construction of deepwater drilling rig HYSY 982 started

BEIJING, July 23 (Xinhua) – China Oilfield Services Limited (COSL;601808.SH), a subsidiary of China National Offshore Oil Corporation (CNOOC), recently had started the construction of the drilling rig HYSY 982 in northeast China's Dalian Shipbuilding Industry Offshore Co., Ltd., said a report by China Chemical Industry News on July 23.

HYSY 982 is a sixth generation deep-water semi-submersible drilling rig equipped with DP 3 dynamic positioning system, designed for a maximum operating depth of 5,000 feet (1,524 meters) and a maximum drilling depth of 30,000 feet (9,144 meters). It is expected to be delivered in August 2016.

Plus, COSL announced its construction of a jack-up drilling rig HYSY 944 in the end of May.

HYSY 944 would be equipped with a maximum operating depth of 400 feet (122 meters) and a maximum drilling depth of 30,000 feet (9,144 meters), COSL said.

COSL also initiated the building of another jack-up drilling rig HYSY 943, which would be equipped with a maximum operating depth of 400 feet (122 meters) and a maximum drilling depth of 35,000 feet (10,668 meters).

HYSY 943 and HYSY 944 are expected to be delivered in September and October 2015 respectively.

In October of 2013, COSL signed construction contracts with Dalian Shipbuilding Industry Offshore Co. and China Merchants Heavy Industry (Shenzhen) Co., Ltd. for the construction of HYSY982, HYSY943 and HYSY944.

PetroChina Daqing oilfield H1 crude oil output at 20.1 mln t

BEIJING, July 23 (Xinhua) – PetroChina (PTR.NYSE; 00857.HK; 601857.SH), China's largest oil and gas producer, said on July 23 that its Daqing oilfield produced 20.107 million tonnes of crude oil in the first half of 2014.

Included are 16.691 million tonnes from old oilfields and 2.786 million tonnes from new and peripheral oilfields.

Daqing oilfield produced 9.9456 million metric tons (tonnes) of crude oil in the first quarter of this year.

CNPC buys 790,000 barrels crude oil each day from Venezuela

BEIJING, July 23 (Xinhua) – China National United Oil Corporation Co., Ltd., a joint venture controlled by China National Petroleum Corporation (CNPC), would import 790,000 barrels of crude oil each day from Venezuela with the signing of a loan-for-crude oil agreement on July 21, said CNPC on July 23.

China National United Oil Corporation Co. would purchase additional 100,000 barrels of crude oil from Venezuela in the coming three years.

CNPC and Venezuela's state-owned oil company PDVSA inked an agreement on crude oil trading under bilateral finance fund on July 21. Venezuela would use the proceeds from selling crude oil to CNPC to pay back loans issued by China Development Bank.

China Development Bank recently opened an office in Venezuela and provided 4 billion US dollars of new loans to the country in South America, according to media reports.

Sinopec Corp. H1 oil, gas output at 237 mln BOE, up 8 pct y o y

BEIJING, July 22 (Xinhua) – China's largest oil refiner Sinopec (SNP.NYSE; 00386.HK; 600028.SH) on July 22 said it's crude oil and natural gas output stood at 237.01 million barrels of oil equivalent (BOE) in the first half of 2014 increasing 8 percent year on year.

Sinopec Corp. produced 154.15 million barrels of crude oil in China and 23.73 million barrels of crude oil from overseas operations in the period, up 0.32 percent and 101.44 percent, respectively, according to Sinopec's unaudited operation data.

Sinopec Corp. reported 35.48 billion cubic feet of natural gas in the first half, 9.46 percent higher than the same period of last year.

The crude oil throughput with Sinopec Corp. inched up

0.32 percent in the first half to 115.32 million tonnes.

Still, the output of diesel and synthetic fibre showed decline of 5.1 percent and 7.58 percent from the same period of 2013, respectively.

Sinopec Corp. sold 81.04 million tonnes of product oil in the first half within China, gaining 0.36 percent year on year. Included are 56.55 million tonnes of product oil by retail and 24.49 million tonnes of product oil by direct sales and distributors.

CNPC inks strategic purchase deal with Taiyuan Iron and Steel Group

BEIJING, July 21 (Xinhua) – China National Petroleum Corp. (CNPC), the parent company of China's top oil and gas producer PetroChina (PTR.NYSE; 00857.HK; 601857.SH), recently signed a strategic purchase agreement with Taiyuan Iron and Steel (Group) Co., Ltd., said a release by CNPC on July 21.

Both sides would cooperate on strategic cooperation, market supply, product development, information sharing and others.

China Petroleum Pipeline Bureau (CPP), a pipeline engineering and construction subsidiary of CNPC has once signed a strategic cooperation agreement with Taiyuan Iron and Steel Group in the end of 2011.

CNPC completes offshore pipeline laying in Tanzania

BEIJING, July 18 (Xinhua) – China National Petroleum Corp. (CNPC), the parent company of China's top oil and gas producer PetroChina (PTR.NYSE; 00857.HK; 601857.SH), has completed the laying of near 35-km offshore natural gas pipeline in Tanzania on July 17.

The offshore pipeline is part of a 540 km-pipeline designed to transport 8 billion cubic meters of natural gas each year from Tanzania's offshore gasfield to its capital, Dar-es-Salaam.

CNPC is expected to wrap up the comprehensive natural has utilization project in June of 2015 including of the building of two natural gas processing plants.

China Petroleum Pipeline Bureau (CPP), a subsidiary of CNPC, sent a pipe-laying vessel from China to Tanzania in the end of 2013 to the end.

Sinopec Fuling shale gas field adds 106.75 cu.m. bln proved geologic reserves

BEIJING, July 17 (Xinhua) — China's largest oil refiner Sinopec (SNP.NYSE; 00386.HK; 600028.SH) announced on July 17 that its Fuling shale gas field's proved geologic reserves has passed the regulatory approval, and new proved reserves of the gas field total 106.75 billion cubic meters.

Located in the Jiaohua town of west China Chongqing's Fuling district, the Fuling shale gas field is identified as a typical quality marine shale gas by the Ministry of Land and Resources, according to the announcement.

Sinopec said in March this year that it planned to build the Fuling shale gas field into China's first hale gas filed with annual output reaching 10 billion cubic meters by the year of 2017. Construction on the first phase production capacity of five billion cubic meters a year has started in full swing.

PetroChina Tarim Oilfield oil-gas equivalent tops 13 mln t year to date

URUMQI, July 17 (Xinhua) — PetroChina Tarim Oilfield Company, a subsidiary of China's largest oil and gas producer PetroChina (PTR.NYSE; 00857.HK; 601857.SH), said on July 17 that it has produced 13.15 million tonnes of oil equivalent (TOE) of oil and gas from the start of this year, up 6.7 percent year on year.

PetroChina is targeted to produce 50 million TOE of oil and gas in Xinjiang by 2015 with PetroChina Xinjiang Oilfield Co., PetroChina Tarim Oilfield Co. and PetroChina Tuha Oilfield Co. as its subsidiaries in the area.

PetroChina Tarim Oilfield aims to produce 30 million tonnes of TOE by 2015.

CNPC to step up control over capital expenditure, investment in H2

BEIJING, July 17 (Xinhua) – China National Petroleum Corporation (CNPC), parent company of China's largest oil and gas producer PetroChina (PTR.NYSE; 00857.HK; 601857.SH), would strengthen control over capital expenditure and total amount of investment in the second half of 2014, according to a recent high-level internal meeting.

CNPC also would work on the issuance of internal reform plan, according to a release by CNPC on July 16.

The performance with CNPC in the first half was better than expectations with obvious increase of output, sales and profit in domestic upstream operations.

CNPC would assess and manage new investment on the basis of new investment's return rate, according to the release.

PetroChina aims to reduce capital expenditure by 7 percent in 2014 following 9.6 percent drop in 2013.

China NEA nods 81 nuclear power ind. standard, likely to speed up construction

BEIJING, July 17 (Xinhua) — The National Energy Administration (NEA) announced Thursday that it had approved 164 industry standards at the end of this June including 81 nuclear power industry standards.

The standards will help speed up nuclear power industry development and relevant constructions, industry insiders say.

Covering main pump motor, instrument and control equipments, module design, engineering, core cooling, pressurized-water reactor, as well as conventional island, the new approved nuclear power standards are mainly about third generation AP1000 and CAP1400 technology, of which demonstration projects are working for further breakthroughs, experts say, noting that project expansion and replication will speed up if problems with technologies such as main pump design are tackled.

PetroChina Liaohe Oilfield daily crude oil output tops 280,000 tonnes

BEIJING, July 16 (Xihua) – PetroChina Liaohe Oilfield Company, a subsidiary of China's largest oil and gas producer PetroChina (PTR.NYSE; 00857.HK; 601857.SH), has achieved a daily crude oil output of over 280,000 tonnes in early July, adding over 700 tonnes from that at the beginning of 2014, according to a report by China Petroleum Daily on July 16.

In the first half of this year, PetroChina Liaohe Oilfield Co. has put into production 179 new wells of different types, and the daily oil output has increased by 7,068 tonnes.

Meanwhile, PetroChina Liaohe Oilfield Co. fulfilled 61 percent and 57 percent of the annual targets of new inferred geological oil reserves and indicated geological reserves respectively.