TABLE OF CONTENTS

Executive Summary P. 2
Company Profile P. 3
Company Structure P. 3
Company Strategy P. 4-5
Products P. 5-8
Financials P. 8-9
Technology & Innovation P. 9-12
Conclusion P. 13-14
Appendix A P. 15
Appendix B P. 16
Appendix C P. 17
Questions for CNPC P. 18
References P. 19
EXECUTIVE SUMMARY

Never in the history of the world, has a country emerged so rapidly or made such a global impact in only twenty years as China has done since the 1980’s. China is now the world’s second largest oil consumer, surpassed only by the United States, with over 7.8 million barrels consumed per day (USEIA. 2010). China faces an ever increasing demand for energy, particularly in oil, and domestic production accounts for less than 49%, at 3.9 million barrels a day. This shortage has pushed China outward, seeking to fill this demand in other countries.

China National Petroleum Corporation (CNPC) is the State owned energy company tasked with global expansion, searching everywhere around the world for partners to help fill its domestic shortages. CNPC operates and controls oil and gas exploration and production, field engineering and many other petro-based technical services. It focuses on development, refining, geophysical prospecting, and well drilling, as well as engineering and construction. CNPC owns and operates crude oil and natural gas pipelines in over seventy countries and its domineering strategy is to increase resources and expand its market utilizing economies of scale, while seeking a greater international role through partnerships in a multitude of countries that span almost every continent. Although continuously striving for growth and profitability, they “always attach great importance to social and environmental responsibilities” and seek a harmonious balance between exploration and profitability (CNPC.com, 2008).

The key to the company’s growth and profitability has been their adamant desire to invest in its people, whether at home or abroad. CNPC has built a strong team of managers, professionals, and operators and has attracted many of the nation's most talented scientist and engineers. In 2008, they hired 19,329 new graduates, of whom 2,418 held a doctorate. They also carry this passion around the globe and promote overseas human resources management and development, in order to build a human resource management system appropriate for a fully integrated, global energy company.

CNPC’s dedication to its employees, country, and the environment was recognized when it was named the best performing state-owned enterprise in 2007 and its ownership of Petro China, the country’s largest oil producer, ranks CNPC as China’s most important managing SOE, towering above other well known SOEs, such as Sinopec and China Mobile.
COMPANY PROFILE

CNPC originally began as the Ministry of Petroleum Industry of the People's Republic of China. It was founded in July 1955, with the duties of supervising the exploration and development of oil and gas resources in China (Wikipedia.com, 2010). It operated under this name for thirty three years before becoming China National Petroleum Corporation in September, 1988. It primarily dealt with oil and gas Upstream Operations and included limited governmental functions. CNPC was reorganized in July 1998, at which time Downstream Operations, Oilfield Services, and Engineering & Construction were added to make it a true oil and gas company by international standards. Even the company logo was revamped to embody the synergies that the newly created business divisions encompassed. Each component of the logo represents their “strength and cohesion” and their unwavering “commitment to ensuring harmony between the development of energy and the environment.” These ideals are embodied in every employee, from the President down to the custodial personnel and the company’s Executive Management team is comprised of some of the most prominent and respected men in China, headed by the Honorable Mr. Jiang Jiemin as the company’s President.

COMPANY STRUCTURE

During CNPC’s restructuring in late 1999, the company moved the majority of its assets and liabilities of exploration and production, refining and marketing, and chemical and natural gas businesses to Petro China (Huaqi, 2008), as well as various other subsidiaries. This gave CNPC a fresh start in a global market and allowed it to streamline its divisions within the organization (Appendix A). This approach created departmental specializations, thus creating extremely efficient operations in all aspects of CNPC’s business units. This streamlined approach has enabled the company to effortlessly manage over thirty simultaneous, international exploration and production projects across the globe. CNPC currently has under its umbrella, various holding companies, petrochemical companies, technical service companies, engineering and construction companies, manufacturing companies, research institutions, and oil and gas fields. These subsidiary companies operate under their own management, but are directly linked to CNPC.
COMPANY STRATEGY

CNPC and China have been aggressively securing overseas oil production contracts as they seek to meet soaring energy demands at home. China’s dependence on foreign oil has shifted CNPC’s focus from exporting to importing. The company’s objective is based on investment ventures around the world, in order to create oil reserves within China (Huaqi, 2008). CNPC’s start into the international market began in 1993 when it signed a service contract with Peru and quickly followed with ventures in Sudan and Kazakhstan.

In 1993, CNPC acquired 11% equity of the natural gas processing plant in Alberta province and just under 16% operating interest in North Twining Oilfield, Canada. CNPC now owns interests in eight oil and gas blocks in Canada (Appendix B, Point A). In January 1994, Talara Oilfield became CNPC’s first overseas oilfield development project. Since then, thousands of drilled wells have resulted in a peak production of over 7,000 barrels of crude per day (Appendix B, Point B). In June 1997, CNPC obtained the production license for the Zhanazhol, Kenkiyak Oversalt and Kenkiyak Subsalt oilfields in Kazakhstan and a 60% stake in AktobeMunaiGas (Appendix B, Point C). CNPC now owns an 85.42% shareholding in AktobeMunaiGas (CNPC.com, 2008). In December 2003, CNPC signed an agreement on an exploration license for 2 blocks in Algeria. CNPC owns 75% equity in these blocks (Appendix B, Point D). In May 2004, CNPC acquired the MIS Oilfield. They currently have a 75% holding in the project, with NESCO owning the remaining 25%. On August 20, 2007, CNPC received a notice approving the Supplementary Agreement of the Iran MIS project contract (Appendix B, Point E). In October 2006, CNPC jointly established Vostok Energy Ltd. with Rosneft, in which CNPC has a 49% stake. In August 2007, Vostok Energy Ltd. won licenses to explore for oil and gas in two blocks in North Russia (Appendix B, Point F).

More recently, on April 19 of this year, CNPC confirmed it had signed several agreements with Venezuela on a long-term credit-for-oil deal and a joint venture to develop the Junin 4 oil block in Venezuela. They have also signed a crude oil supply contract with Petroleos de Venezuela (PDVSA) to guarantee repayment of a 10-year loan. A loan of $20 billion from the China Development Bank will be used to build highways and other projects in Venezuela (Xu, 2010). Petro China Co. (PTR), a business unit of CNPC, has signed a memorandum of understanding with PDSVA regarding the Junin 4 block heavy-oil project. The term of the contract is set for 25 years, where PDVSA will control 60% of the project and PTR the
remaining 40%. The Junín 4 project has proven oil reserves of 8.7 billion barrels and is expected to have an annual production capacity of 400,000 barrels per day (Appendix B, Point G).

CNPC and UK partner BP plan to boost production at the Rumaila oilfield in southern Iraq by 10% by the end of 2010. When BP and CNPC closed on a 20-year service agreement in November 2009, Rumaila was pumping 1.05 million barrels per day. The pair is expected to boost production to 2.85 million bpd within seven years, nearly triple the current production of one million barrels per day (BP.com, 2009). The field has proven reserves of up to 20 billion barrels and will significantly help with China’s supply issues. BP holds 38% in the joint venture operating service contract, CNPC 37%, and Iraq’s state-owned South Oil Company with 25% (Appendix B, Point H).

While mainly focusing abroad, CNPC keeps an ever vigilant eye on home and realizes that China still holds development potential as well. They have been authorized to jointly develop coal-bed methane projects with foreign partners. In late February 2010, CNPC announced its plan to also increase focus on alternative-energy sources, which include coal-bed methane, ethanol, and oil sands. China has ambitious targets for producing coal-seam gas because they are striving to reduce their reliance on coal and crude oil from abroad even though it remains their primary focus for now. In November 2009, CNPC’s first major coal-bed methane project went into service, with others planned in the near future that will help close up some of its import requirements.

**PRODUCTS**

China National Petroleum Corporation’s (CNPC) products and services are structured to support the entire process of asset management of hydrocarbons and new energy development. Hydrocarbon asset management encompasses the resource lifecycle, consisting of: exploration, drilling, completion, production, and transportation. CNPC’s business and operating units are designed to support turnkey operations and are
categorized into segments consisting of Exploration & Production, Oilfield Services, Engineering & Construction, Manufacturing, Pipelines, Refining, New Energy Development and Marketing & Trading.

The core business is the Exploration & Production Segment which operates in areas both on and offshore, not only in China but also in twenty nine countries and five continents (Figure 1: Product Segment Flow). In 2008, these efforts resulted in 138.75 million metric tons of crude oil and 66.41 billion cubic meters of natural gas, a respective increase of .5% and 13.8% from 2007 (USEIA 2010). CNPC’s ability to discover and produce these assets are directly attributed to the successful nature of the joint ventures but also the Oilfield Service segment which is crucial in the geophysical prospecting, completion, and production of assets. CNPC has been able to maintain a 100% oil reserve replacement rate, which describes the asset replacement rate. The key production contributions were through major discoveries from Songliao, Bohai Bay, Ordos, Tarim, Junggar, Qaidam, Sichuan, and Hailaer basins, in addition to joint ventures with National Oil Companies and International Oil Companies (CNPC 2008 Annual Report: 8).

The Oilfield Service segment is closely tied into the Exploration and Production segment, which consists of the techniques, processes, and use of equipment to locate and maximize reservoir efficiency. The services are made up of geophysical prospecting, well drilling, well logging, and down-hole operations. The geophysical prospecting sub segment is made up of four companies utilizing 177 seismic crews. The services provided range from seismic data acquisition, to processing and interpretation and can be seen in operation in twenty two countries. The drilling sub segment is comprised of five specialized drilling companies with expertise in air, underbalanced, and horizontal drilling. Compound logging, perforating, data processing, and reservoir interpretation are the key elements to the logging sub segment. CNPC has many proprietary techniques regarding logging and perforation that span many different well configurations. The down hole operations include, but are not limited to, Well Intervention, Overhaul & Side Tracking, Fracturing, & Acidizing. Well Intervention operations are defined as any operation during the well life that alters the state of the well, provides well diagnostics, or manages the production of the well. Side tracking is a process where another well bore is branched off from the main wellbore. Fracturing and Acidizing is a stimulation process resulting in the production of hydrocarbons. All of these services provided under the Oilfield Service segment, has been and continues to be, instrumental in the success of CNPC’s organization.
The pipeline segment is vital in transporting and distributing hydrocarbons. CNPC is China’s largest pipeline operator and contractor with a presence in twenty six provinces and over 42,000 kilometers of pipeline. Sixty five percent of the nation’s natural gas is produced by CNPC’s four major gas provinces: Tarim, Southwest, Changqing and Qinghai. Three LNG distribution and storage systems are currently in process in Tangshan of Hebei Province, Rudong of Jiangsu Province, and Dalian of Liaoning Province (Appendix C). This will be vital in handling the LNG from Austrailia and Quatar.

CNPC’s refinery segment is extensive and is currently made up of twenty six refineries and petrochemical enterprises. These sites are predominantly located in northeast and northwest China. CNPC produces over 40% of the nation's oil products (Wikipedia.com, 2010). They also operate joint venture refineries with Sudan, Kazakhstan, and Algeria. CNPC’s refineries produce synthetic resin, fiber, and rubber.

The Engineering, Construction, and Manufacturing segments are a compliment to the other specialized segments. The Engineering & Construction segments are made up of surface construction, petroleum and petrochemical engineering, long-distance pipeline construction and marine engineering & construction. Examples of the construction and engineering facilities are refinery & chemical plants, oil gathering, gas processing plants, pipelines, and off-shore engineering. The manufacturing portion is made up five companies that specialize in supporting the Oilfield Service and Pipeline segment and were able to manufacture 141 onshore drilling rigs, 13,183 pumping units, 1.71 million metric tons of line pipes, and 2,366 internal combustion engines (CNPC.com, 2008).

The Marketing and Trading segments are focused on crude oil and petroleum products, basic petrochemicals, derivative chemicals, and other chemicals. CNPC has marketing a nationwide network of retail outlets and service stations set up across the country in order to provide services to more than two million customers per day. The trading portion is handled by Petro China International (China National United Oil Corporation), a subsidiary of CNPC which has nine domestic branches and seven overseas branches located on three continents. The trading products consist of crude oil, gasoline, oil products exchange, insurance agency, and hedging services (CNPC.com, 2008).

The new energy segment provides a lot of possibilities in supplementing energy supply and facilitating sustainable development. Unconventional resources consisting of coal-bed
methane, oil shale, shale gas, oil sands, and other unconventional energies are being investigated and some have recently been developed. This energy source is a viable option in supplementing the conventional supply. Renewable energies such as wind, solar, biomass and geothermal energy are also being investigated. A geothermal test well was successful and plans for a larger scale project are being discussed (CNPC Sustainability Report, 2008).

FINANCIALS

Despite a year in which oil prices fluctuated heavily (Figure 2: 2008 Crude Oil Prices), in 2008, CNPC reported strong financials, with sales of 186.5 billion USD (1.3 trillion RMB), an increase of 27.2% from 2007. Total profits, however, declined by 34.9% to 19.7 billion USD (134.8 billion RMB). This decrease in profits was mainly due to changing taxation requirements for the company and new controls on refined oil prices by the government. Tax payments for the company grew by 22.5% from the year before, to a total of 239.5 billion RMB (CNPC 2008 Annual Report: 9).

In 2008, the latest year for which CNPC financial data is available, the company reported total assets of 264.3 billion USD (1.8 trillion RMB), an increase of 8.1%. Current assets totaled 69.8 billion USD (476 billion RMB), and fixed assets were reported at 194.5 billion USD (1.3 trillion RMB). Cash and cash equivalents were the largest component of current assets at 22.2 billion USD (185.8 billion RMB). Inventories made up the second largest component, totaling 23.1 billion USD (157.7 billion RMB). Fixed assets were dominated by oil and gas assets, totaling 73.5 billion USD (501.5 billion RMB). Construction in progress, however, rose to 28.1 billion USD (191.7 billion RMB), suggesting a strong commitment to increased production levels to meet rising demand for petroleum-based energy in China.

Taxation for CNPC is robust, making the company a large contributor to the tax base for the government of China. CNPC pays an applicable tax rate of 25% for business income taxes.
This is before the value added tax (VAT) of 17% for petroleum and petrochemical products and 13% for natural gas and LPG. Operating tax is set at 3% for transportation and construction, and at 5% for service operations, transfer of intangible assets, and real estate sales. Urban, maintenance, construction, and educational surtaxes are calculated and paid at the rates of one, five, seven, and three percent, respectively. Excise taxes for the sales incomes of gasoline and diesel, is calculated according to the amount sold, at the rate of 1,388 Yuan per ton for gasoline and 940.8 Yuan per ton for diesel.

While these tax rates might seem restrictive, as a state owned enterprise (SOE), they don’t necessarily inhibit the natural growth of the company, or that of its subsidiaries. For example, Petro China, the publicly traded oil company owned by CNPC, recently reported increases in profits for the first quarter of the year at a staggering 71% over the same timeframe a year ago (Wall Street Journal, April 27, 2010: A6). These profits were largely due to rising oil prices and an increased energy demand in the country. These results underscore China’s place as a major force in global oil demand growth, in part due to the fact that energy intensive infrastructure projects were a major beneficiary of the government’s stimulus program last year.

TECHNOLOGY & INNOVATION

The mission statement and values of CNPC clearly enumerate the company’s care for energy, care for its people, and commitment to “protecting the environment” as well as “achieving excellence through innovation and integrity.” (CNPC.com, 2008). Such commitment lays down a strong focus on Technology and Innovation and explains the amount of resources dedicated to achieving state of the art research facilities. CNPC has seventy six scientific research institutions and nine research laboratories employing 28,486 scientific personnel, with an annual R&D investment exceeding RMB 4 billion or $588 million. In recent years, various research partnerships have been established to enhance technical communication and share best practices. Nationally, the primary partner is the Chinese Academy of Sciences (CAS), but other international partners are very prevalent. Institutions and other major oil companies share the challenge in the development and utilization of oil and gas as well as environmental protection. In fact, environmental protection is an integral part of CNPC’s corporate social responsibility. “CNPC strictly follows environmental protection laws and regulations, attaches importance to climate change and ecological protection, and continuously promotes energy conservation and
emission reduction work to realize the coordinated development of production and environmental protection.” By 2007, 216 subsidiaries of CNPC passed ISO14001 certification and in 2008, 41 subsidiaries of CNPC, including all their engineering and equipment manufacturing units, passed ISO 9000 quality certification. Technology and Innovation is therefore the response of CNPC to this challenging equation of producing more and remaining environmental friendly.

Each year, CNPC’s research institutions and experts evaluate 10 major research and development processes to represent their “annual remarkable achievements in major scientific and technological projects. These research initiatives address the matter of technology integration and application, in terms of oil & gas exploration, development, and production. Refining and chemical, engineering and construction, and equipment manufacturing are also subject to those extensive research initiatives and all these reflect the improvement of CNPC's core competitiveness and independent innovation. They also provide enhanced technical support to sustained and coordinated growth of the company. These research and development projects receive CNPC’s continuous work at key laboratories for theoretical research and technical innovation in geophysical prospecting, well drilling, well logging, catalyzing, reservoir reformation as well as natural gas exploration and EOR.

The EOR Laboratory was among China's first batch of thirty key laboratories. The lab was established in 2007, by consolidating the former key labs of Tertiary Oil Recovery, Reservoir Physics and Seepage, Reservoirs, and Geochemistry. The lab studies basic theory and applied technologies in reservoir characteristics and reservoir engineering, reservoir physical chemistry and seepage, EOR method, and hydrocarbon generation and resources.

The Heavy Oil Processing Laboratory focuses on the applied basic research of heavy oil processing (including viscous oil, atmospheric residue and vacuum residue) and research on technologies of converting heavy-oil to light fractions. The lab is specialized in the study of chemical composition and the structure of heavy oil, technologies for supercritical fluids extraction from residua, applied basis for heavy oil catalytic cracking, development and research of heavy oil slurry-bed hydro cracking technology, as well as the study of phase equilibrium in residua-containing systems.

The Petroleum Tubular Engineering Laboratory is engaged in the applied basic research of petroleum tubular engineering technologies and research of proactive technologies. Its major
fields of research and development include mechanical research of oil well casings and pipe string, mechanical research of transportation pipes and pipelines, research of pipe safety and integrity, failure diagnosis, forecasting and prevention of petroleum pipes, as well as anti-corrosion technologies.

The Geophysical Prospecting Laboratory is CNPC's important base for applied basic research and cutting-edge R&D of petroleum geophysics technology. Its major tasks include: proposing research subjects related to production practices, conducting proactive geophysical research and applied basic research for CNPC's overall benefit, and promoting the theoretical and technical progress of geophysical prospecting.

The Well Logging Laboratory studies well logging mechanisms, as well as processing and interpretation methods for heterogeneous complex reservoirs. These include petro physical mechanism experiments for heterogeneous complex reservoirs, well-logging evaluation methods for heterogeneous complex reservoirs, and the development of networked logging data processing, interpretation, and evaluation software systems.

The Catalyzing Laboratory is engaged basic research, applied basic research, and the development of new technologies and products in the field of hydrocarbon catalytic processing. It provides technical support to the long-term development and technology upgrading of CNPC's downstream enterprises in terms of catalytic cracking, catalytic hydrogenation, petrochemical catalyzing, catalytic polymerization of olefins, comprehensive utilization of natural gas and refinery gas, new catalytic materials, and chemical engineering and equipment.

The Natural Gas Accumulation Laboratory consists of several professional labs for natural gas geochemistry, reservoir-cap layers, gas field development, CBM (Coal Bed Methane), etc. It has obtained great achievements in the theoretical research and the development of new experiment technologies on deep basin gas, super-pressure gas reservoirs, late accumulation mechanism of natural gas, accumulation patterns and efficient development of low-permeability gas reservoirs, and CBM accumulation.

The Reservoir Reformation Laboratory is equipped with a tri-axis litho mechanics system, a test unit of prop pant flow conductivity, a multi-function flow loop apparatus, etc. Its research is primarily targeted at reservoir hydro-fracturing engineering, hydro-fracturing mechanics, fracturing and acidizing materials, well test and comprehensive evaluation of reservoir reformation, high-energy gas fracturing stimulation mechanism, acidizing of carbonate
reservoirs, etc. No doubt why CNPC realized several scientific achievements and received many national advancement prizes. By the end of 2008, CNPC had acquired a total of 8,247 patents out of its 11,139 applications. CNPC has won 45 national awards since 2002, including four first-class and 39 second-class National Scientific and Technological Advancement Prizes, and two second-class National Technical Invention Prizes.

CNPC’s management makes sure the company carries out innovative developmental research to stay up to date on technology in order to increase production, while staying environmentally sound. Another key initiative is partnership. The company has relationships with other major oil companies around the world to share best practices and the latest technology available. “On April 13-15, a delegation headed by CNPC President Jiang Jiemin and Vice President Wang Dongjin paid a visit to ExxonMobil, Chevron, and ConocoPhillips. During the stay in America, Jiang Jiemin met Chairman and CEO of ExxonMobil, Rex Tillerson and other members of the corporate management, Vice-President of Chevron, George Kirkland and ConocoPhillips Chairman and CEO, Jim Mulva. They had intensely discussed the world energy outlook, international oil/gas cooperation, and strategic choices of international oil companies under the low-carbon economy situation, as well as unconventional oil/gas development. Additionally, the delegation visited ExxonMobil’s upstream research company and ConocoPhillips' Barnett shale gas development site. Jiang Jiemin also listened to the work reports of the America branch of Petro China International Co. LTD. and Huston R &D center of CNPC BGP. (CNPC press report)”
CONCLUSION

In recent years, CNPC has made significant capital investments in research and development and to improving product quality, through facility expansions and upgrades, in order to meet evolving market demand and environmental requirements in China. In 2007 alone, they were granted 364 patents in China, and applied for another 445. This devotion to R&D and quality and process improvements yielded expansions and upgrades to refining facilities, upgrades to increase product quality, and expansion to retail marketing networks and storage infrastructures. These efforts have enabled them to improve the quality of refined products, especially gasoline and diesel. Their retail distribution network now consists of over 20,000 service stations, most of which are located in Northern China, but are continuing to expand southward at a rapid pace. CNPC has standardized service stations, service procedures, and the product quality of all service stations, in order to improve the efficiency and profitability of their existing service station network. They are also in the process of centralizing their service station management system to better handle the expected increase in volume.

Now present in over seventy countries, CNPC has obviously focused the core of its business strategy on seeking out business opportunities outside of China. Utilizing both domestic and international resources to gain competitive advantages, it has a controlling interest in Kazakhstan, Venezuela, Iran, Iraq, and Peru, among many others. The rapid expansion of its overseas operations have effectively increased oil and gas reserves and production volumes, in order to keep pace with its country’s ever growing demand for oil and petrochemical products. As with any company seeking out ventures in other countries, there is always the possibility of adverse reactions, such as increased capital expenditures, financial risks, volatile political climates, and even war. However, the biggest challenge that CNPC will face on these ventures is the ability to mesh their culture with that of the host country. Months of diligent research and careful planning must be accomplished before execution can begin if CNPC is to be successful when entering a foreign market.

Through its global expansion, CNPC is now subject to numerous international laws concerning oil and gas exploration and production operations, as well as its own national, regional, and local environmental regulations. CNPC will face many new challenges as the laws and regulations become more stringent, both at home and abroad. These new laws and regulations, born out of necessity from increased pollution to the air and water, will directly
affect the operation of natural gas processing plants, chemical plants, refineries, pipeline systems, and other facilities and no one can accurately predict how these laws and regulations will impact future earnings and operations. Continuing to push ahead at their present growth rate, yet being flexible and agile enough to react to these new laws and regulations, may prove to be a difficult and daunting task.

CNPC was only a fraction of today’s size when it first commenced limited refining activities and chemical operations in the mid-1950s, in the Yumen oil region and in Lanzhou. Today, they are China’s largest producer of crude oil and natural gas, and they currently produce and sell a wide range of basic and derivative petrochemical products in countries around the globe. China National Petroleum Corporation has developed into one of the most dominant and influential oil and gas companies in the world, and the company has made a substantial difference in the lives of not only its people in China, but in the lives of people across the world. This growth has propelled CNPC into the upper echelon of elite global companies, companies that are easily affected by global economic crises, tougher competition, and more stringent laws and regulations. CNPC will face many new challenges in the coming years that will test its current practices and strategies and their ability to remain innovative and proactive will be crucial to their continued growth and success.
QUESTIONS

1. CNPC and Shell announced plans to jointly develop and produce natural gas in China’s Sichuan basin on March 23, 2010. The companies have submitted a production sharing contract to the Chinese central government for approval. Under the 30-year contract, Shell and CNPC would appraise and potentially develop tight gas reservoirs in an area of approximately 4,000-square-kilometre in the Jinqu block of central Sichuan Province.

Why is CNPC doing such partnership projects with a foreign Oil company? Is there any particular technology that Shell brings to the table that will benefit CNPC?

2. We are beginning to see more of these types of projects from CNPC and it seems that CNPC is going in the direction of 3rd party joint ventures/projects as part of their growth/expansion plan.

Are these part of a new strategy for CNPC or just an answer to certain, individual projects.

3. I’m sure you’re aware of the recent oil spill in the Gulf of Mexico and the potential for disaster that such spills pose to local economies and the environment.

What are some of CNPC’s spill containment procedures and would you have handled anything differently?

4. CNPC seems to be making large investments into alternative fuels in recent years, obviously in response to the increased demand in petroleum based products and the limited supply worldwide.

What percentage of the total energy portfolio is likely to remain in the hydrocarbon sector in the next 5, 10, and 20 years? What portion of the hydrocarbons do you anticipate producing using unconventional resources?

5. One of the main differences between CNPC and U.S. companies like Exxon or Shell is the fact that CNPC is a State Owned Enterprise (SOE).

What advantages and/or challenges would an SOE like CNPC have when compared to a privately-owned competitor, in China or abroad?

6. Currently you are able provide a wide range of your own products and services to develop and manage the production assets.

What percentage of investments, are made to external product and service companies to aide in developing these assets? Do you see this investment increasing or decreasing in the future?
REFERENCES


