

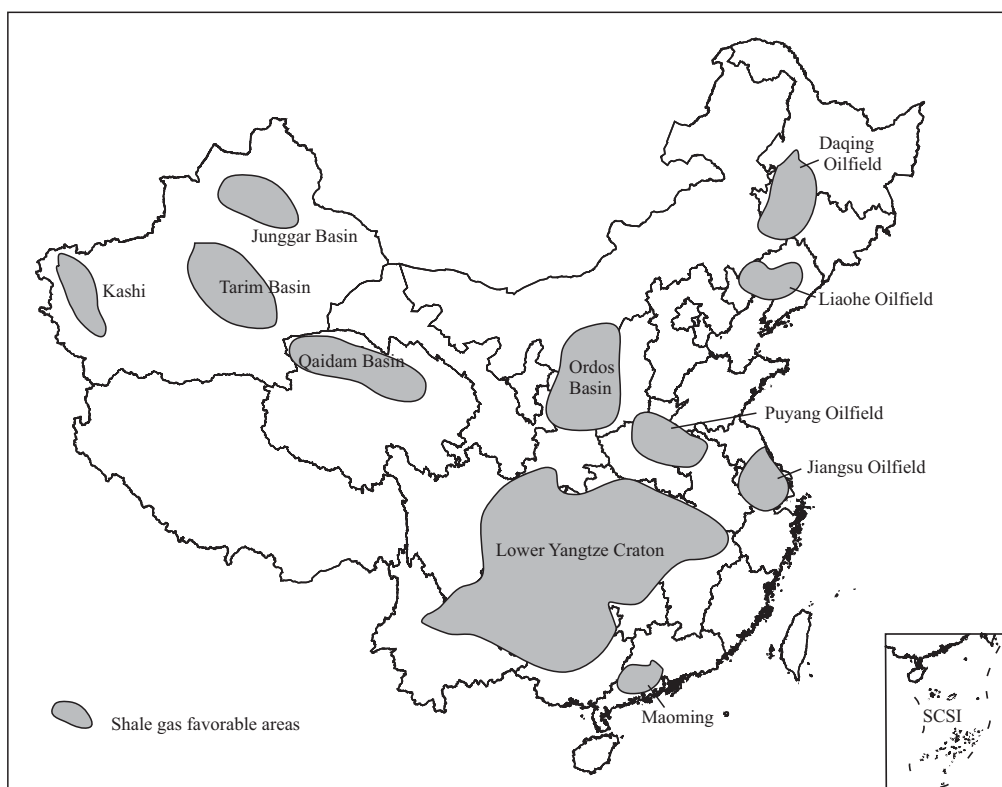
China Shale Gas Project Started

The two major oil companies of China, Sinopec and PetroChina have been fully put into shale gas prospecting projects, and achieved great success.

In 2012, Sinopec's first shale gas production capacity of construction projects completed in Fuling district, shale gas annual production capacity can reach 300 million cubic meters to 500 million cubic meters, and will reach 1 billion cubic meters per year in 2013. Through the preliminary exploration and research, the South Branch of Sinopec exploration company prospected that Fuling district Jurassic Ziliujing Formation Da'anzhai Member is the favorable layers of shale oil, and through drilling, Fushi 1 Well, Peiye HF-1 well and many other wells all drilled good gas shows in upper part limestone of Da'anzhai Member. The upper part limestone of Da'anzhai Member in the region has the distribution area of 516 square kilometers, of which, Xinglong 101 Well - Fushi 1 Well area has higher degree of exploration which is the first stage production capacity built-up areas. In addition, the exploration and research cooperation between Sinopec and foreign oil companies in the shale gas resource is in progress. In 2010, East China branch of Sinopec cooperated with British Petroleum in the Kaili block, and with Chevron Corporation in the Guizhou Longli block. In 2011, the South Branch of Sinopec exploration company cooperated with Exxon Mobil Corporation in Wuzhishan block of southwest Sichuan, and began a joint geological research.

At the same time, PetroChina has received great success in the exploration and development of Sichuan Basin shale gas, and currently in the stage of preparing capacity construction. Sichuan Changning-Weiyuan block was also included in the national demonstration area of shale gas.

The experts believe that the resources of shale gas in China land is 134.42 trillion cubic meters, and the recoverable resources is 25.1 trillion cubic meters.



Provided by Hao Ziguang,
Fei Hongcai and Liu Lian