

Chinese Shale Gas Exploration Started Officially and Primary Results Achieved

Shale gas is a new, clean and efficient unconventional oil and gas resource, and it has become a new highlight of global oil and gas exploration and exploitation. In recent years, the Ministry of Land and Resources of The People's Republic of China launched the program *Investigation and Evaluation of China Shale Gas Resources and Favorable Areas Preferred*, which has evaluated the shale gas resource potential and selected potential areas for exploration and exploitation.

On September 11, 2012, the Ministry of Land and Resources announced the first public invitation for bidding of shale gas exploration rights at its official website [<http://www.mlr.gov.cn/>]. The tender launched a total of 20 blocks, with a total area of 20,002 square kilometers, distributed in 8 provinces (municipalities) in Chongqing, Guizhou, Hubei, Hunan, Jiangxi, Zhejiang, Anhui and Henan. It was announced that all Chinese-funded enterprises and Chinese-controlled Sino-foreign joint venture enterprises that are registered as businesses in China and have a registered capital of more than 300 million yuan, and with oil and gas or gaseous mineral exploration qualifications, or have established cooperative relations with the qualified, can participate bidding.

The expert group for bid evaluation determined the winning bidders based on a ranking of bidders' exploration planning, from the aspects of exploration arrangement, capital budget and security measures. Also important to acknowledge is that the validity period of the exploration rights is three years, an average annual exploration investment amounts to 30,000 yuan or more per square kilometer, and the minimum engineering reach to goal layers should be controlled by two drilling wells within an area of 500 square kilometers. Meanwhile, the winning bidder has to make a written commitment to exploration investment, workload and progress in the exploration embodiment, which is used as one of the supervision and inspection bases for the administrative authority.

The tender blocks are all in a good exploration potential area. After shale gas was approved as a new mineral by the State Council, The Ministry of Land and Resources invited bids to shale gas prospecting, providing opportunities for investment entities from a variety of economic and technical strengths to enter the field of exploration and exploitation of shale gas. This practice intends to speed up the process of exploration and exploitation of shale gas in China by the use of the market competition mechanism, so that the new clean energy can be developed and used quickly, to enhance the support capabilities of energy resources for economic and social development.

Recently, the Chongqing Institute of Geology and Mineral Resources and the Schlumberger Oilfield (Singapore) Joint Venture Shale Gas Technology Services Company, co-founded the shale gas professional technical team. Now, nine parameter drillings have been implemented, of which the Qianye 1 well successfully ignited and got industry airflow that has made a major breakthrough in shale gas exploration in southeastern Sichuan. The Chongqing shale gas endeavor has taken an important step in comprehensive development strategy.

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