

UNCTAD

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Extractive Industries and Sustainable Job Creation

**Integration of Petroleum Up- and Downstream to Promote
Economic Development of Host Countries**

By

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Vice-President, China National Petroleum Corporation,
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The views expressed are those of the author and do not necessarily reflect
the views of UNCTAD.



Integration of Petroleum Up- and Downstream to Promote Economic Development of Host Countries

Dou Lirong

Khartoum, Sudan

November 26, 2015



China National Petroleum Corporation (CNPC) is an integrated international energy company, with businesses covering oil and gas operations, oilfield services, engineering and construction, equipment manufacturing, financial services and new energy development.





We strive for harmonious relationships between



Operation
and Safety

Energy
and the Environment



Corporate and
Community Interests

Employers
and Employees





Financial Highlights in 2014



billion USD

643.6

Total assets



billion USD

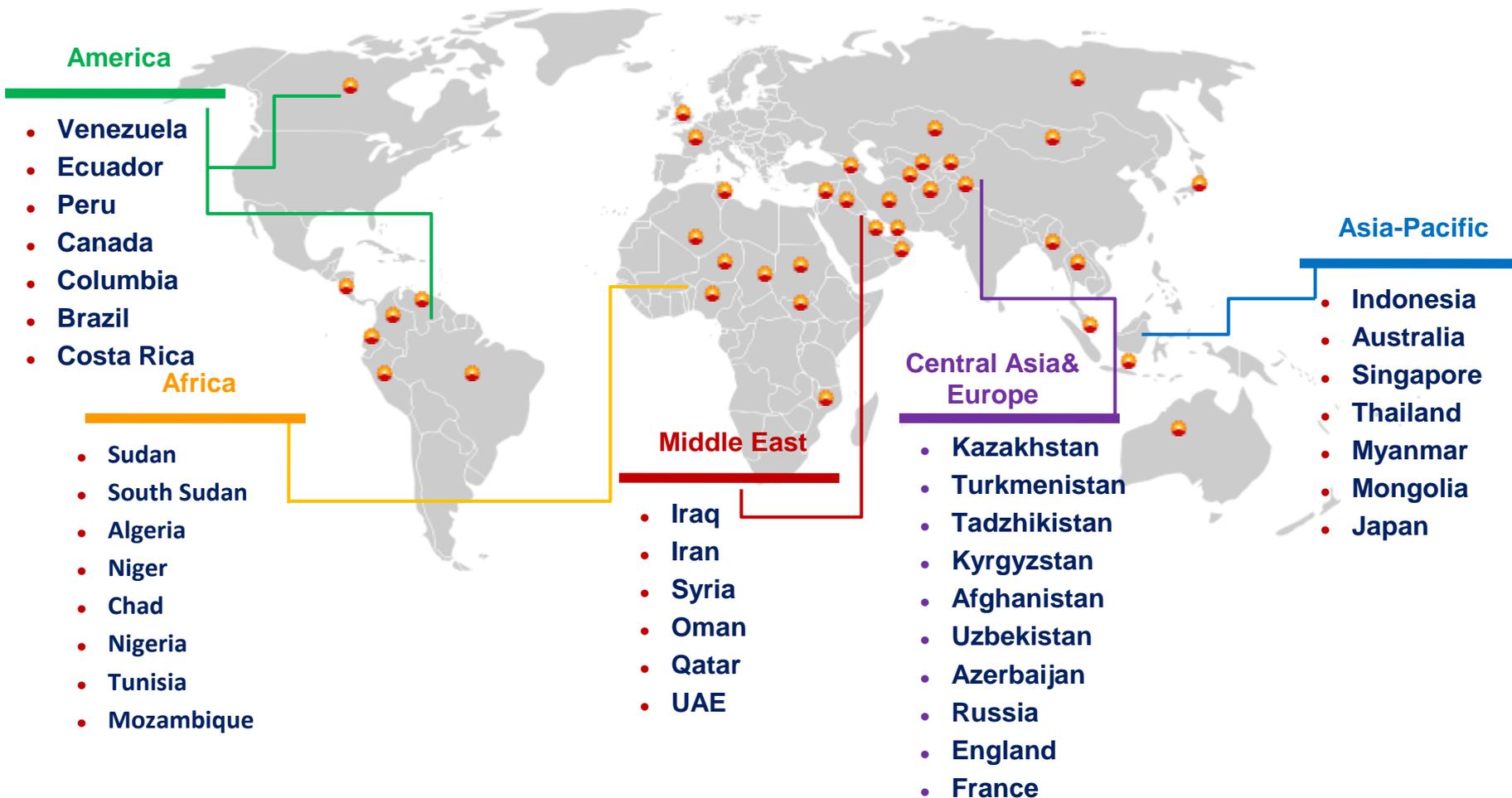
446.1

Operating income

- **1st** largest oil and gas producer in China
- **3rd** largest oil company in the world in 2015
- **4th** among Fortune Global 500 in 2014



CNPC's oversea investment started from 1993, now we have **93** oil and gas assets and interests in **37** countries.





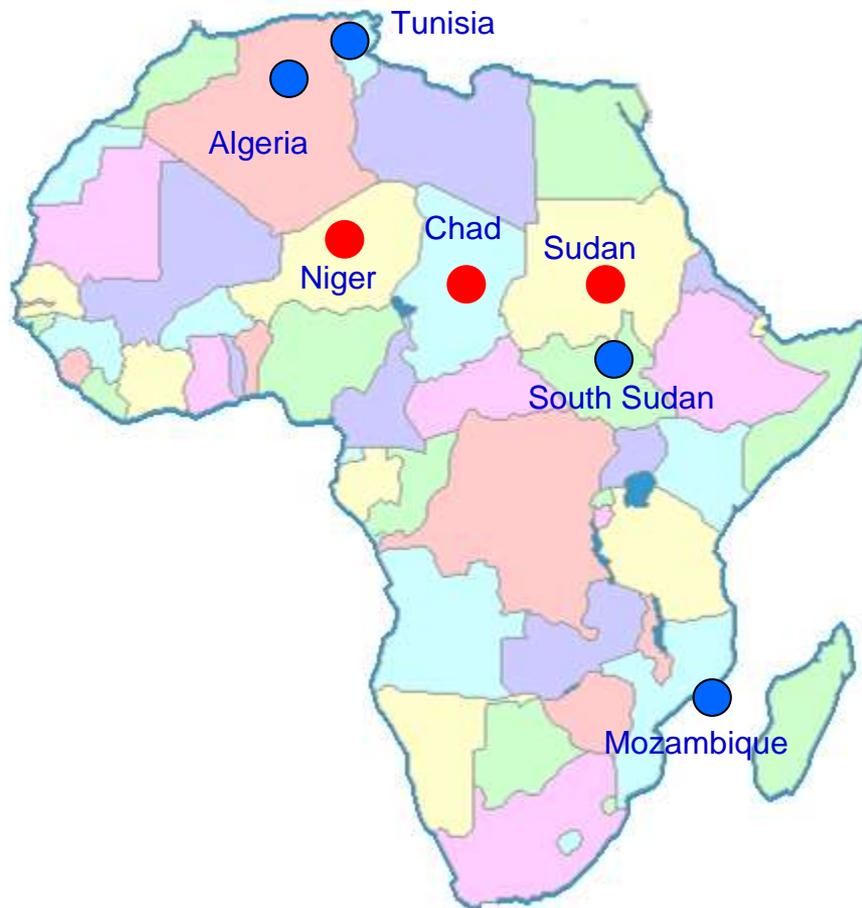
CNPC has strong comprehensive and integrated capacities for oilfield services, engineering & construction, and equipment manufacturing.

- More than 1,000 crews for geophysical prospecting, well drilling, well logging and mud logging in 63 countries.
- Largest onshore geophysical prospecting services in the international market.
- World's renowned engineering construction contractor.
- Petroleum materials and equipment sold in 80 countries.





CNPC In Sub-Sahara: Running 19 projects in 7 countries...



- ❖ 12 upstream projects with 1 in deep water and 7 downstream
- ❖ Among them 3 integrated projects: Sudan, Chad and Niger.
- ❖ one of the important cooperation regions in the world.



Challenges In Sub-Sahara

- Long-distance/hinterland transportation, hot weather, poor infrastructures, high cost, currency devaluation, and security, etc.
- Some countries have to import fuels for economic development, although they have oil reserves, production, or exploration potential.
- Refineries are generally not good profitable projects in the whole petroleum industry chain, especially for small-size.





CNPC In Sudan



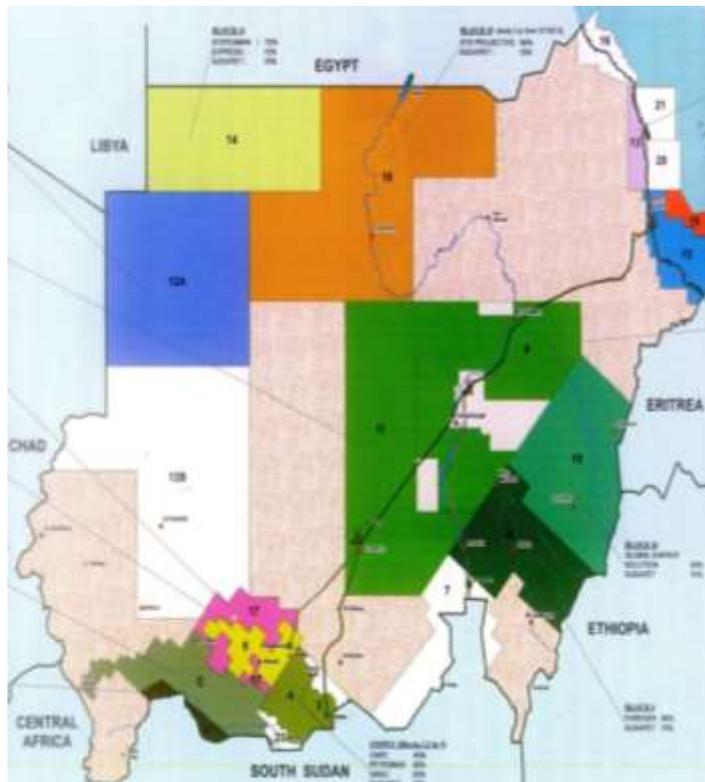
Block 1/2/4N:
CNPC **40%**
Capacity: 57 K BOPD



Block 6:
CNPC **95%**
Capacity: 54K BOPD



PDOC:
CNPC **16.4%**
Sudapet 60%
Capacity: 300k
barrels/d



Khartoum Refinery
Capacity: 35 million barrels/y



Khartoum Petrochemical
CNPCI **95%**
SPC 5%
Capacity: 20k tons/y
Polypropylene



Petrochemical Trade
CNPC **100%**
Capacity: sale 100k cubic meters/y



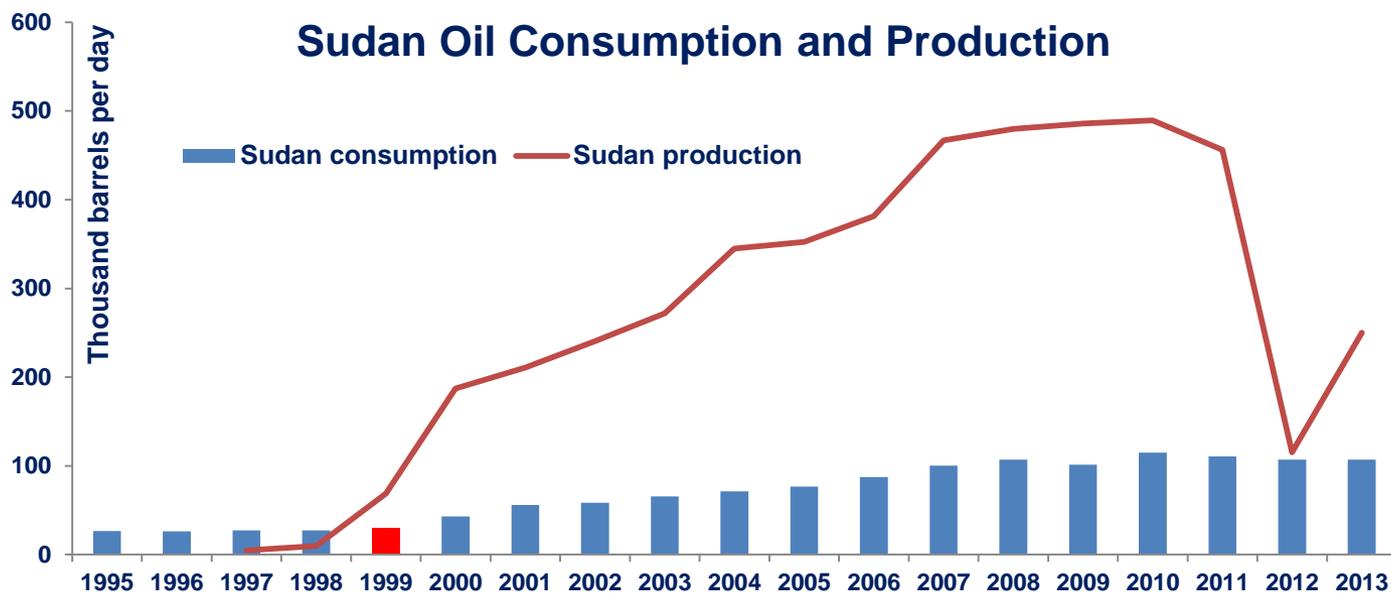
Khartoum Refinery (KRC)

- A comprehensive platform to display the technical and management advantage as the first overseas refinery of CNPC .
- Started construction in August 1998 and commissioned on May 16, 2000.
- Capacity increased to 35 million barrels per year after the second-stage expansion.
- Promoted petrochemical development.

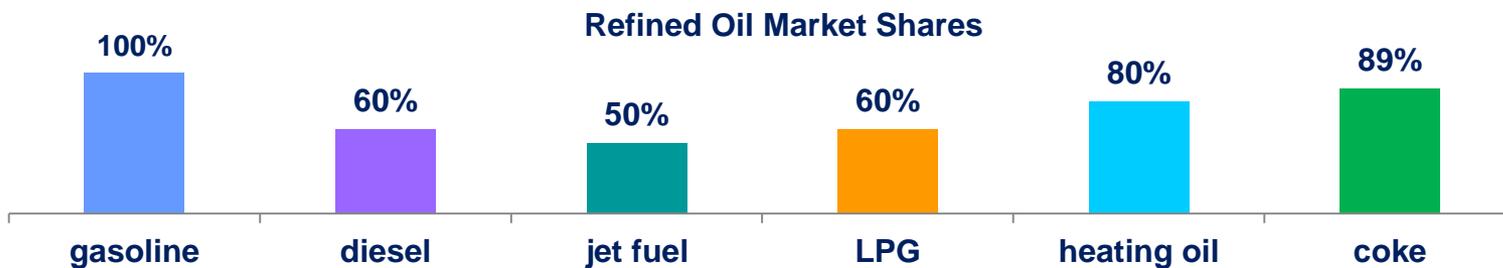




Oil/fuel Self-independence



Sources: U.S. Energy Information Administration (EIA)

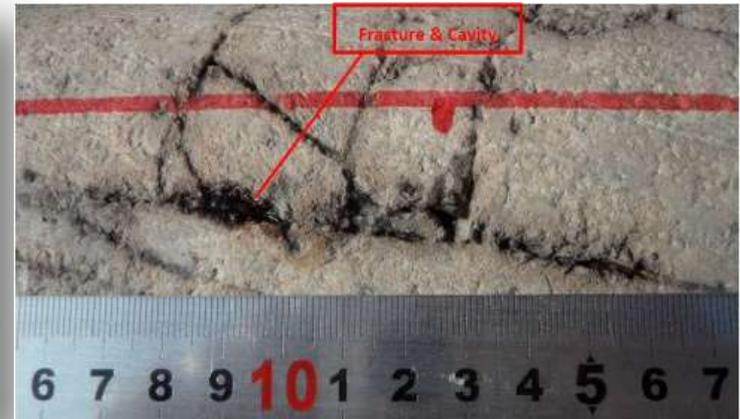
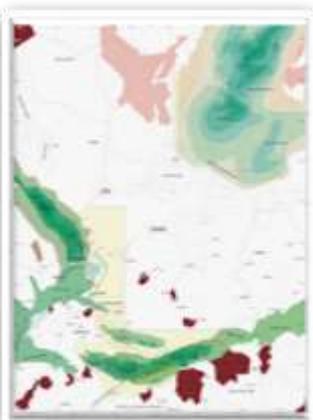




CNPCI in Chad

□ Upstream —Permit H

- CNPC acquired 100% interests of permit H on December 8, 2006.
- A number of oil fields have been found in the Bongor Basin. 4 fields have been put into production with daily production of 56,000 barrels.
- Besides oil supplied to Refinery, about 36,000 barrels per day are export to international market through Chad-Cameroon Pipeline.
- New Discovery: Precambrian fractured granitic basement has been confirmed as a good reservoir with high production





CNPCI in Chad

□ Downstream —N'Djamena Refinery

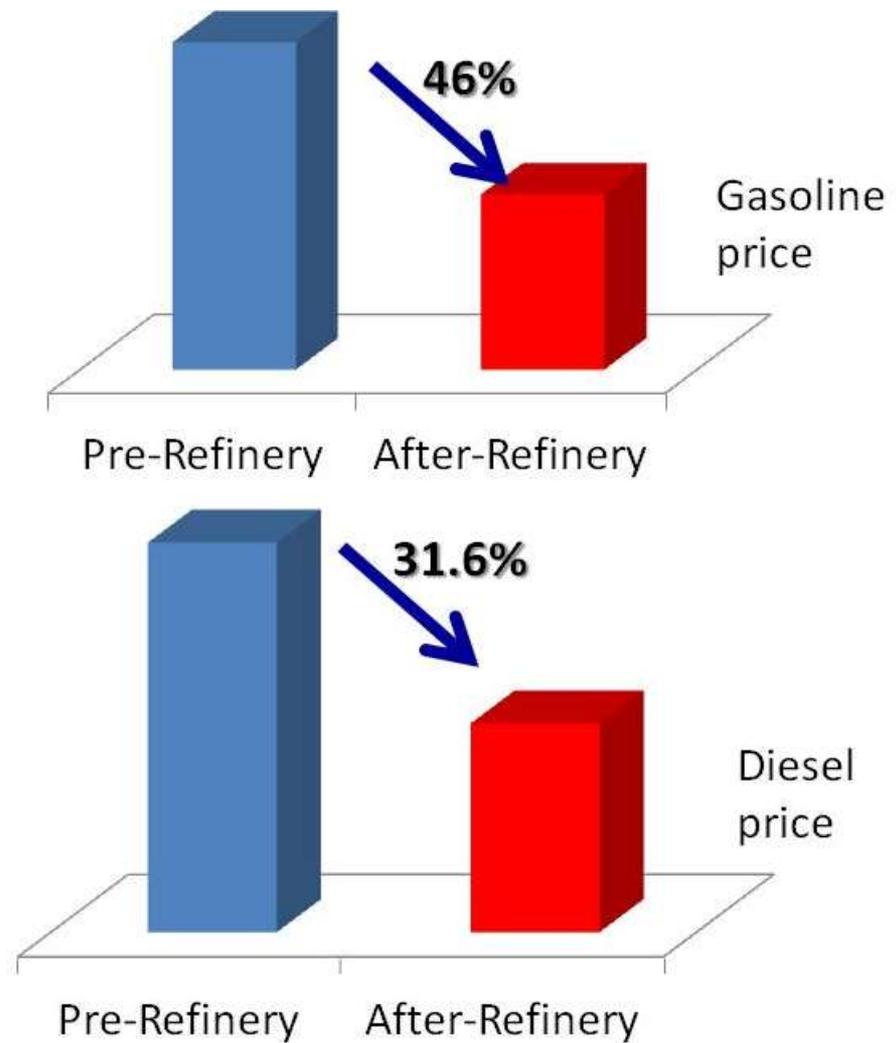
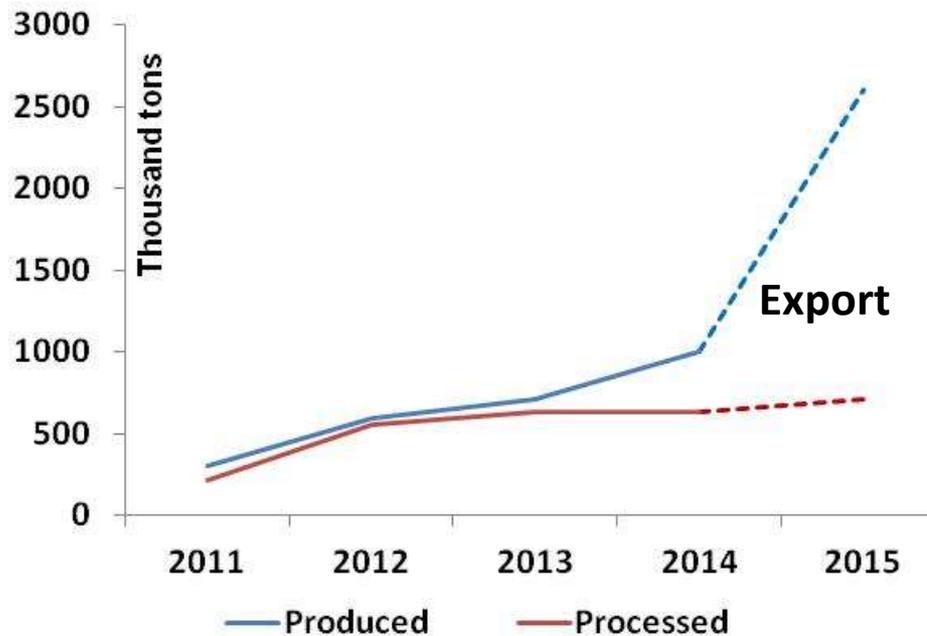
- N'Djamena Refinery has been put into production on June 29, 2011.
- The processing capacity stands 20, 000 barrels per day.
- CNPC's share in N'Djamena Refinery is 60%, SHT 40%.
- Electric power transmitted to N'Djamena





CNPCI in Chad

Oil Produced Vs Processed in Chad





le 29.06.2011
jour historique pour le
peuple Tchadien qui vient
de gagner la bataille de
son Julepou sous auspices
grâce à la coopération de la
République populaire de Chine
et en particulier, il faut
considérer comme un des plus
Présidents et les Au. Tch.
Bonne à la CNPC
longue vie à la
Coop. chino Tchadienne
 2011



For Chadian people, today is a historic day. We win the battle of energy independence. This benefited from the cooperation with China. Well done, CNPC ! Long live cooperation of Chad-China !

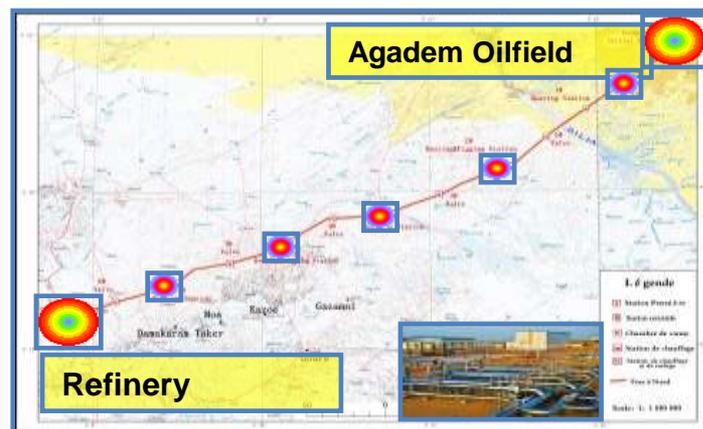
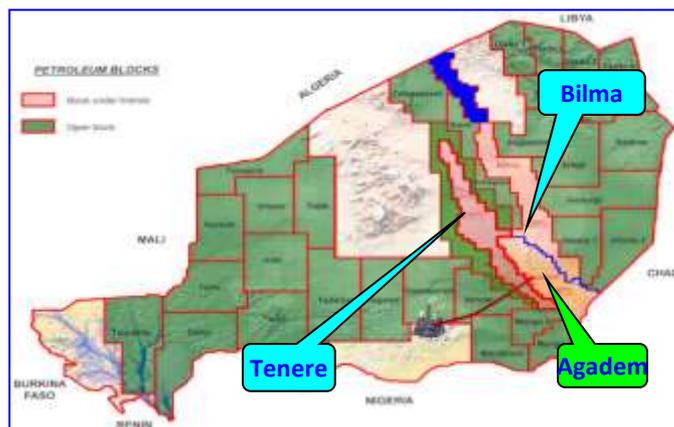
Idriss Deby, President of Chad
June 29, 2011



CNPC in Niger

Upstream

- CNPC Operates three Blocks in Niger, i.e. Agadem (65% share) , Tenere (100% share) and Bilma (100% share);
- New oil fields were discovered in Agadem Block and put into production in November 2011 to feed Zinder Refinery through 463 km pipeline.





CNPC in Niger

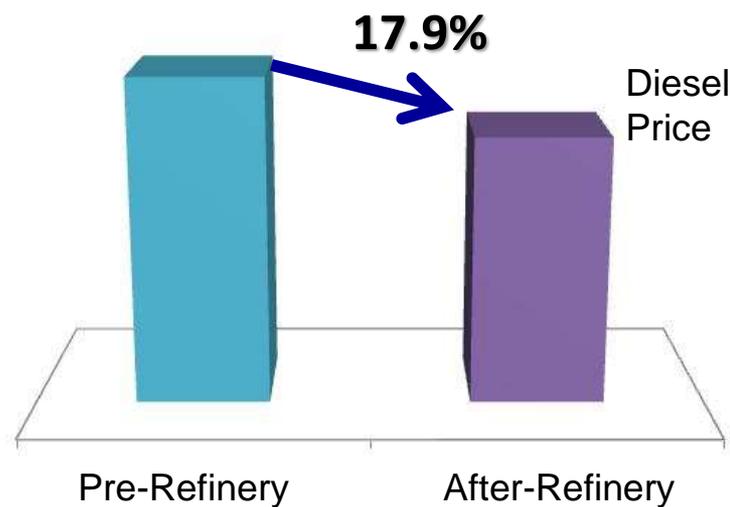
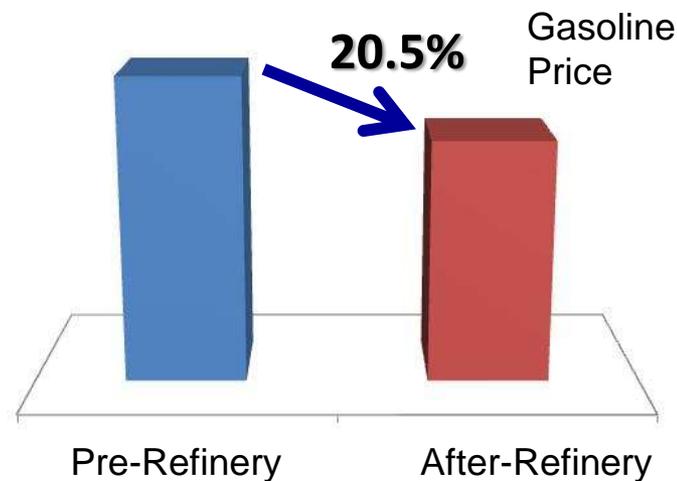
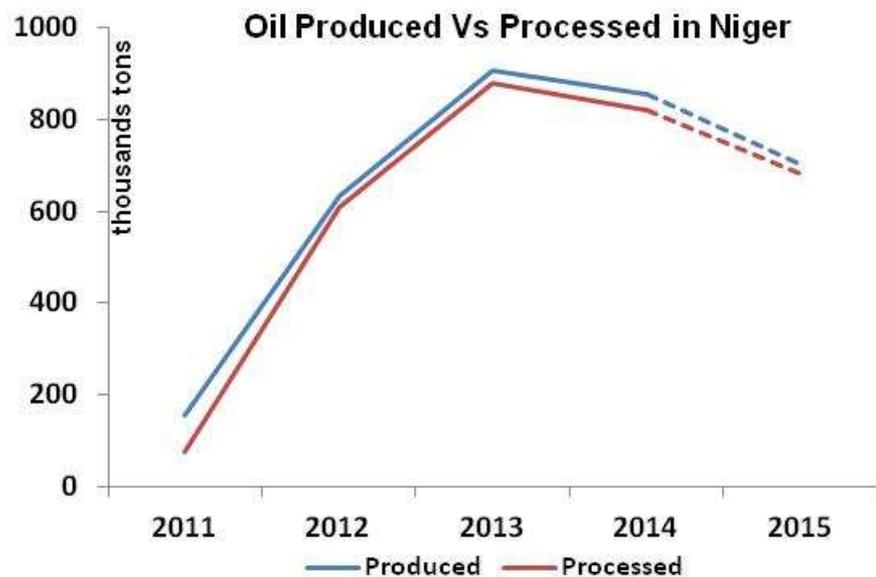
□ Downstream

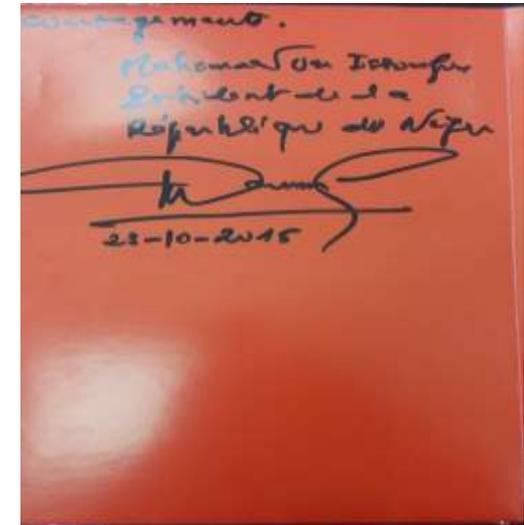
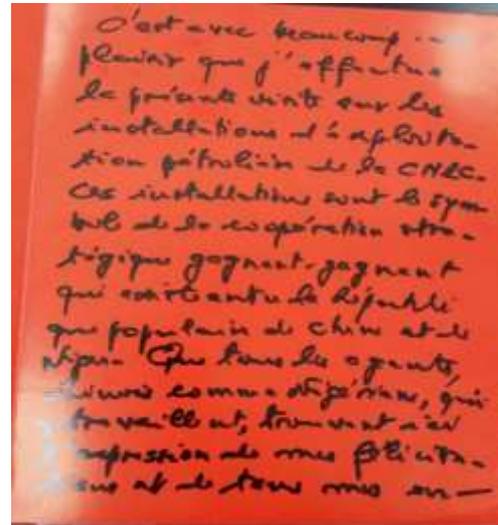
- In November, 2011, the Zinder Refinery was put into production.
- The processing capacity stands 20,000 barrels per day.
- CNPC's share is 60%, Niger Government 40%.
- Niger is not only an oil-producing country, but will be an exporter soon.





CNPC in Niger





I'm very glad to inspect the oilfield facilities operated by CNPCI (Niger) which is the symbol of the successful cooperation between Niger and China. Please all the Nigerian and Chinese employees receive my congratulation and greeting.

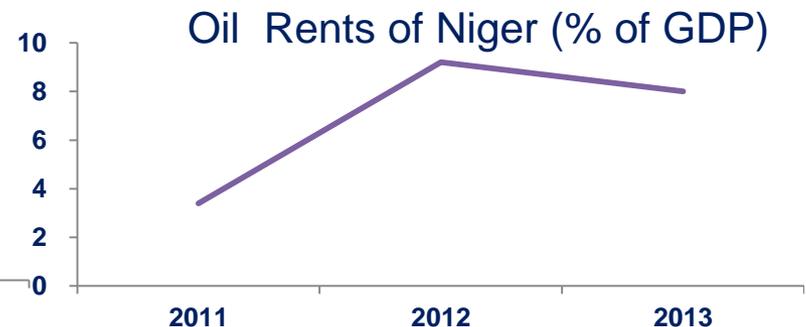
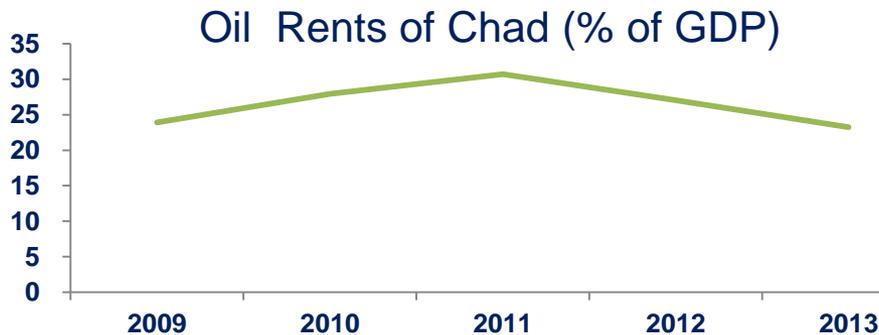
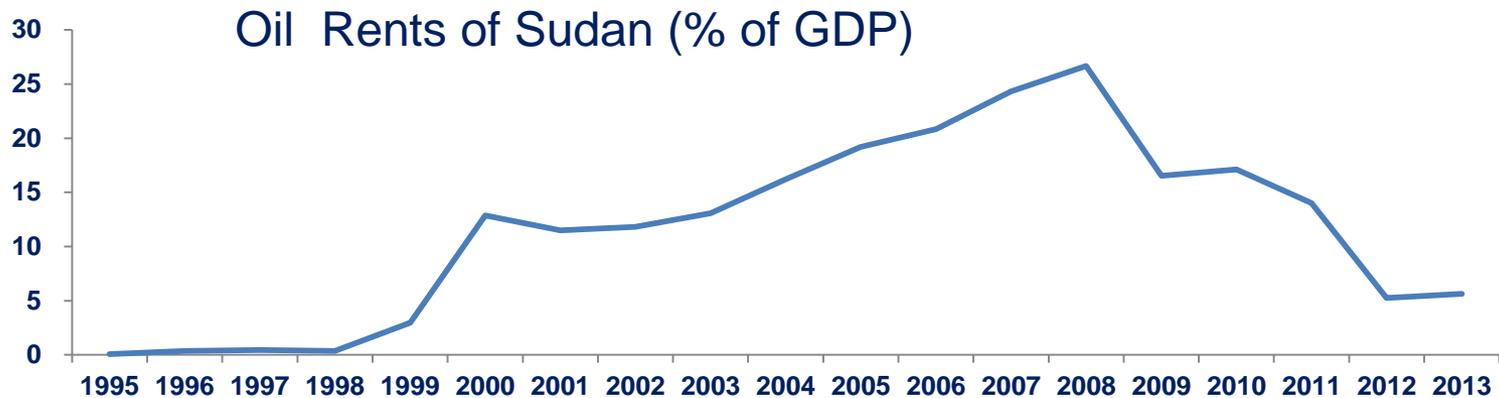
Mahamadou Issoufou, President of Niger,

October 23, 2015.





□ Increasing Gov. Revenues and Accelerating Economy Growth



◆ Oil rents are the difference between the value of crude oil production at world prices and total costs of production.

Sources: World Bank, 2015



□ Community Development

We are committed to sharing our business achievements and development opportunities with local communities, and attach great importance to activities promoting public welfare and social progress.





□ Supporting Education

We aim to boost local development capabilities by providing funds and support for education.





□ Human Capital Development

Upholding the people-oriented concept, we protect employees' legal rights and interests, build platform for employees development, and promote employee localization and diversification.



2010年第一期乍得石油部官员培训班
Two-Week Course to MOPE, Chad, (June 2010)





□ Environmental protection

We regard providing clean energy, minimizing environmental impact and reducing emissions as the strategic foundation for the Company's sustainable development.





بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

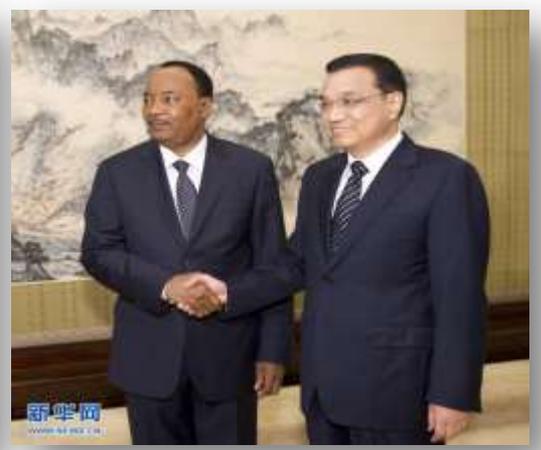
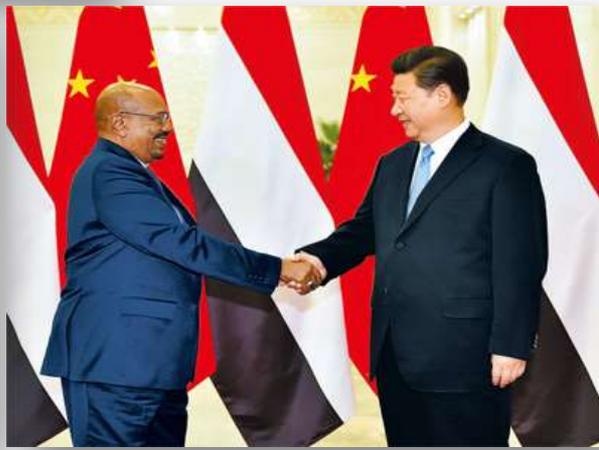
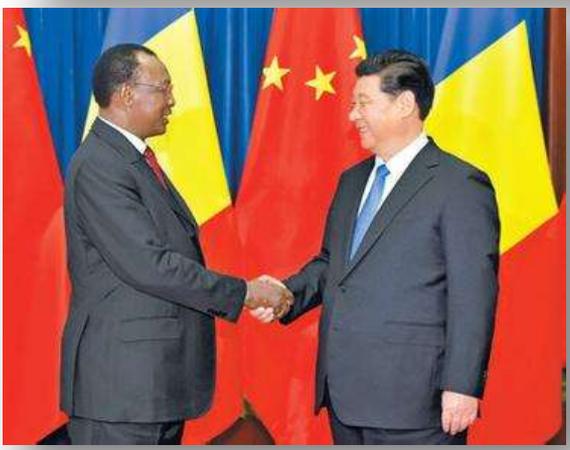
تسرفنا اليوم بزيارة ارجع هو جسدنا للسودان
 ولشانه معناه انخرطم الى تقف شانهم على
 تحت العداوات والتمرد بينه السودان واليه
 المبرقات والتعاون بين السودان واليه
 تقدم سترجا حيا لتجام القاده عترب عترب
 وابت حدود بالقانه عد على التوازي
 عاشت العداوة العتبه السودنيه

عمر البشير

We pleased to receive our Brother Hu to come and visit KRC which is a witness for the relationship and cooperation between Sudan and China, which has set **an alive example for the successful South-South Cooperation that will benefit all the parties.**

Omer Al Bashir, President of Sudan

February 2, 2007





China's **“One belt and One Road”** strategic initiative will promote new breakthroughs of the energy cooperation in Africa. CNPC will endeavor to be an outstanding corporate citizen with better profitability, greater brand influence, and higher inspiration, to make more contributions to boost the economic development of the host countries, create a more splendid and brilliant tomorrow together with the local people and co-partners in a win-win basis.





Thanks

