

Research deal worth millions

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CREDIT: Don Healy, The Leader-Post

Song Yiwu (left), vice-president of China National Oil and Gas Exploration Development Corporation, and Michael Monea, executive director of the Petroleum Technology Research Centre, examine a pump jack in front of the centre's offices in Regina.

A research agreement between the Petroleum Technology Research Centre (PTRC) in Regina and a subsidiary of China's largest oil company could lead to a larger presence in Saskatchewan for one of the world's largest oil producers and consumers.

PTRC, which is funded by the provincial and federal governments, and China National Oil and Gas Exploration and Development Corp. (CNODC), a subsidiary of China National Petroleum Corp. (CNPC), signed the agreement creating the \$2-million US research fund at a ceremony at the PTRC in Regina Research Park Monday.

"This new research fund will establish a co-operative working group that looks at developing new technologies to exploit Saskatchewan's oil and gas reservoirs," said Mike Monea, executive director of the PTRC.

CNODC will contribute an initial \$500,000 to the fund, which is expected to grow to \$2.1 million US in two years. The agreement will be used to fund personnel exchanges between China and Saskatchewan and training in production technologies at the PTRC. The research and technology developed by the program will be shared equally by the partners.

"Much of the research developed in China may be applicable to Saskatchewan fields," Monea said.

"We'll have many opportunities to draw on CNPC's expertise in oil and gas technology, and together we will look for new ways to improve oil recovery in Saskatchewan."

Song Yiwu, vice-president of CNODC, said Saskatchewan has "huge reserves" of heavy oil and the PTRC has "world-class technology," especially in enhanced oil recovery (EOR) techniques, which makes the province a good starting point for China in Canada.

"China National Petroleum Corp. is the number one oil company in China," Song said, with overseas production of about 30 million tonnes per year.

"Right now, we are exploring for oil world-wide," including Africa, Indonesia and other offshore locations, he said.

As the world's second-largest oil importer, ahead of Japan, China needs access to new sources of oil, which could be provided by Canada, and Saskatchewan, in particular, he said. "Everybody knows that China is emerging and we are a big oil-consuming country. We need more and more oil, so we think maybe Canada is our best partner."

Following the signing, Monea said the oil reservoirs in the two countries are similar, but the Chinese have been working longer to increase recovery rates from its oilfields than Saskatchewan has. But Saskatchewan has been using new EOR techniques that the Chinese may not be familiar with.

"China has a lot of talent and a lot of equipment," Monea said "They just need to see the work we're doing and the new (research) effort will solve some problems faster than by doing it separately."

Song said the research fund will help the two countries "join together to improve the (oil) recovery. We also want to buy the oil for my country. But the first thing we should do is the research."

Song said joint research projects could lead to Chinese investment in the "upstream" business in Saskatchewan, including exploration and production. "We want to produce oil with support from the new technology and we also want to buy (the oil) for China."

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