

# INTERNATIONAL BUSINESS TIMES

## CHINA TO PRODUCE 15 BCM

### OF NATURAL GAS

### FROM SOUTH CHINA SEA

by

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China aims to produce 15 billion cubic meters (bcm) of natural gas a year from the South China Sea by 2015, amid escalating territory disputes in the region between China and neighboring countries.

In a report titled "Natural Gas Development 12th Five-Year Plan" the National Energy Administration has said the South China Sea is China's "major gas producing area" and forms main part of the gas exploration plans, according to Reuters.

China is sparring with several neighbors over its claim on the South China Sea, which is rich in oil and gas. China claims the entire South China Sea as its territory while neighbors, including the Philippines, Taiwan, Vietnam, Brunei and Malaysia, lay claim over parts of the sea.

The Energy Commission said that natural gas production in 2010 was 948 million cubic meters and the total offshore output was expected to reach 20 bcm by 2015, of which South China Sea would account for 15 bcm.

The government has said that its dependence on external supplies has increased sharply and is expected to reach 35 percent in 2015 from 15 percent in 2010. The national production was at 102 bcm in 2011 and is expected to increase to 176 bcm by 2015.

However, the consumption is projected to touch 230 bcm by 2015, raising new challenges to the country's energy sector, a report published on the National Energy Administration website ([www.nea.gov.cn](http://www.nea.gov.cn)) stated.

"This will bring new challenges to the country's energy security, and it must do its utmost to boost effective domestic supplies while at the same time optimizing the natural gas consumption mix," the report added, according to Reuters.

Ordos Adams Basin, Sichuan Basin, Tarim Basin and the South China Sea are the four major natural gas producing areas that account for majority of China's natural gas production. The country has been rapidly developing its infrastructure to push the natural gas production higher.

"The annual production of 27.2 billion cubic meters in 2000, reached 94.8 billion cubic meters in 2010, with an average annual growth of 13.3%," the report indicated.

The administration has also said that it will focus on developing the shale gas sector over a five-year-period and will "lay the foundations" for the large-scale development in the sector, Reuters has pointed out.

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