HD **APAC to Account for 70% of Global Oil Demand by 2020**

WC 1,641 words

PD 16 September 2014

SN Energy Monitor Worldwide

SC ENRGYMEN

LA English

LP

The Asia-Pacific is a huge, growing market for the oil and gas industry -- from 2000 to 2010, accounting for 56% of the increase in global primary oil demand. The Baker Institute estimates that it will account for 70% of global oil demand from 2010 to 2020. The region will also be boosted by the development of both onshore and offshore gas markets, driven by growing regional demand and high gas prices in Japan and South Korea. Countries such as China, Indonesia and Australia are developing shale gas and CBM projects in the long term, while the offshore market will see FLNG projects and drilling projects at shallow water gas well and some deep water areas. As the region relies heavily on imports, this growth in demand is an opportunity for international companies to tap into the burgeonin gAsia Pacific market. In light of these trends, OSEA2014 International Conference's Opening Joint Keynote and Dan K.

TD

Eberhart, CEO of Canary, one of the largest private oilfield services companies in the U.S. are of the view that there will be promising prospects for business opportunities in theAsia-Pacific region, and together they share their views withOSEA2014 on the current and future of the oil and gas landscape. Pegging gas to oil prices on industry growth -- impact on Asia JW: The impact of low US gas prices is already being felt in Europe with evidence of some large energy user industries planning to locate new build projects in the US. At the same time, the cost of building new LNG plant onshore Australia -- a key supplier to Asia -- has soared to the point where it has become economically unviable. The country stands to loseUS$97 billion of potential LNG projects toEast Africa and North America unless radical cost reduction is applied. Furthermore,Russia and China's US$400 billion gas deal could possibly also undermine some of Australia's gas projects. In order to assure its industrial future, the APAC region needs to be taking a very long-term view on energy, not only by increasing supplies and their diversity, but by improving energy efficiency. In this, the need for progressive removal of fuel subsidies in countries such as Indonesia is a vital element. Asia's foray into foreign energy ventures JW: China has been investing tens of billions of dollars per annum in foreign energy ventures, effectively forward buying access to oil & gas supplies-- a situation driven by its growing demand. Others meantime are also facing oil production decline-- Australia, Brunei, Indonesia and Malaysia were all down last year. According to BP, in 2013 total regional production fell 1.7% while consumption increased 1.5%. Meantime, regional gas production increased by 1.1%; however, consumption grew by 2.2%. So yes, expect to see a lot more deal-doing. DE: Asian energy consumption is skyrocketing, and so is their population. There's really no reason to believe that state-owned companies won't continue to make deals with foreign oil and gas suppliers. For example, the biggest deal in 2013 was China National Petroleum Corporation paying US$60 billion as upfront payment for Rosneft of Russia's crude of 300,000 b/d for the next 25 years. Plus, China Petroleum and Chemical Corporation, an NOC, recently established a strategic alliance with Exxon, with a goal of establishing a refinery complex inEastern China and become a major marketer of petrochemicals throughout China. Japan and Singapore have also made diversified acquisitions. Like China, Singapore is working on initiatives with Exxon, including an expansion on a refinery and petrochemical facility that will be the largest integrated manufacturing site in the world. Opportunities for non-oil producing regions in offshore production JW: Offshore APAC market will see large gains in shallow water gas production with Shell and Petronas both having FLNG projects planned. High gas prices in Japan and South Korea will further boost regional activity. This could see shallow water drilling grow 29% over 2013-20. Deep water gas developments will come mainly from China as CNOOC look to boost production from green-field projects in order to meet rapidly growing domestic consumption. We expect increasing numbers of development wells to be drilled offshore Asia-Pacific in 2014, withThailand heading the league table with some 370, followed by China and India each drilling around 200. In all, we should see annual development well numbers exceed 1,600 by 2020, a growth of over 30% over 2013 numbers. Amongst the non-oil producers, Singapore and Korea as the world's major offshore vessel builders face growing challenges from the on-going development of the Chinese yards and will need to continually review and develop their strategies, focussing more into high value high technology products such as FLNG, and perhaps growing their non-vessel activity -- an example has been Korea's work on LNG modules. Singapore is, I think, a special situation, combining a major commercial centre with a can-do attitude from government plus a great workforce has made it the de-facto hub for theAsia-Pacific offshore industry -- which is why my firm has its regional base here. DE: The biggest hotspots are the South and East China Seas. For NOCs, the biggest challenge in those areas is the territorial disputes between neighbouring countries. The South China Sea, for example, is shared among Vietnam,China, Philippines, Taiwan, and others. Of course, it's not much easier for international oil companies there, which also must navigate the aggressive offshore drilling claims. The growing demand for gas inMyanmar has turned the Bay of Bengal into an offshore hotspot. There are continuous disputes in that area that will require new arbitration and rules. The role of international oil and gas majors may be important here, as are opportunities, but the conflicts between nations on the coast claiming oil and gas assets may retard exploration efforts. Singapore is a good example, because although it is non-oil producing, the country has attracted multi-billion dollar fixed capital investments by major oil companies for its oil refining industry, which is in the top three in the world. The country's transparent business and mature legal and financial systems have made it very attractive to gas stakeholders. It may be a non-oil producing country, but they've made oil refining central to their economy. Mergers & acquisitions JW: As Douglas-Westwood makes much of its income providing commercial due-diligence on deals, I must first declare an interest. That said, M&A is part of the on-going evolution of any business sector. However, it must be done for the right reasons; in our experience of having worked on many billions of dollars' worth of deals, to make M&A work, the result must be that one plus one will equal a lot more than two! On the whole it is beneficial. Many sectors can only compete if they are of sufficient scale, and indeed international oil companies would prefer to sign one contract with a big contractor than individual small ones for each country in which they operate. DE: Our core philosophy with M&A is not buy and sell but buy and contribute. We purchase companies with solid track records and give them the tools they need to spur healthy expansion-- tools like proven management strategies, marketing capital and a national footprint. We bring new opportunities to these companies and their employees-- but, just as importantly, we preserve and honour the legacy, culture, and teams that have made each company strong. Our acquisitions strategy is equally about our customers. We integrate new companies with existing services and locations to provide a wider base of national services to existing customers. We now have operations in every major shale play in the U.S., so our customers enjoy a one-stop shop for wellhead services. This strategy has been a win-win for our customers, our existing holdings, new companies under management, and, of course, our overall portfolio growth. Myanmar -- a rising oil and gas landmark JW: After the historic political and economic reform in 2011 and the lifted sanctions in 2012,Myanmar has generated serious interest from international oil majors such as Chevron, ExxonMobil, Shell and Statoil amongst others, to participate in its first offshore bidding round of 19 deep water and 11 shallow water blocks. Although the outlook for Myanmar gas production remains uncertain as there is no capacity indication for those offered blocks, DW expects further developments and an upward trend in the gas sector thanks to operators' confidence based on sound historical performance of Myanmar's large gas fields such as Shwe, Yadana and Yetagun. DE: I think Myanmar could be the game-changer for this region. Not only does it have abundant natural resource potential, but the opening up of its oil and gas sector has generated huge interest internationally. Data from the Myanmar Investment Commission put oil and gas foreign investments atUSD$14.372 billion last year. The country has awarded both onshore and offshore exploration tenders to international energy companies, including major players like Conoco Phillips, Shell, and Total. Asia's potential for exploration activities DE: Exploration of shale resources in China will require sophisticated multilateral negotiation with Chinese NOCs which will likely result in technology trade agreements and assistance first rather than outright drilling/fracking contracts in the Chinese mainland. In other words,China might take a while.Malaysia might be a better bet: That country has put in substantial efforts to arrest the drop in crude oil production and accelerate natural gas output. Supported by its NOC, the country has been very proactive in improving its fiscal regime to attract foreign investments and expertise. OSEA2014 International Conference: Unlocking the full potential of offshore reserve

IN i1 : Energy | i13 : Crude Oil/Natural Gas | i1300003 : Crude Petroleum Extraction | iextra : Natural Gas/Oil Extraction

NS e1111 : Industrial Production | m143 : Energy Markets | cnatrd : Natural Reserves/Resources Discovery | c24 : Capacity/Facilities | ccat : Corporate/Industrial News | e11 : Economic Performance/Indicators | ecat : Economic News | m14 : Commodity Markets | mcat : Commodity/Financial Market News | ncat : Content Types | nfact : Factiva Filters | nfce : FC&E Exclusion Filter

RE china : China | russ : Russia | burma : Myanmar | austr : Australia | jap : Japan | apacz : Asia Pacific | asiaz : Asia | ausnz : Australia/Oceania | bric : BRIC Countries | chinaz : Greater China | devgcoz : Emerging Market Countries | dvpcoz : Developing Economies | easiaz : Eastern Asia | eeurz : Central/Eastern Europe | eurz : Europe | seasiaz : Southeast Asia | ussrz : CIS Countries

IPD Oil & Gas

PUB Global Data Point Ltd.

AN Document ENRGYMEN20140916ea9g00050