NOC-NOC/IOC Relations
An Observation

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Topics

- **Chinese Learning Curve**: An example of its NOCs experiences
- **Worldwide Cooperation**: Rationale
- **NOC-NOC Models**: Existing
- **NOC-IOC Partnership**: Models to be explored
- **Hurdles**
- **Conclusions**
Chinese Learning Curve


Direct Investments              25
Technology Services           48
Equipment exports              59

Home cooperation to worldwide; NOC to IOC
Worldwide Cooperation: Rationale

- **R/P Ratio for IOC (IOC and NOC backed Ones):** an access to resources (80% v. 10%+)
- **Tech for NOC:** revitalize and enhance operation efficiency and turn *dead* resources into market/money
- **Services pursued by NOC and IOC:** [KPC and CNPC S&E]
- **NOC-NOC:** Overseas competition leads to cooperation.
- **NOC-NOC:** Cross investment [between Asia and the Gulf].
- **NOC-NOC:** Risk mitigation and other needs.
NOC-NOC Models

- Project based models (prevailing ones)
- Expertise sharing model (CNPC-Petronas)
- Strategic oriented models (CNPC-Gazprom, Rosneft, Statoil)
- Technical support models (Intl consortia in Kuwait)
- Risk mitigation models (many consortia)
- Competition reverse models (CNPC-ONGC)
- Cross-investment models between CNPC and Aramco
- Politicalized models (PDVSA cooperation with its ally)
NOC-IOC Models

- CNPC-Total?
- CNPC-US Majors?

These are subject to exploration
Hurdles

- Open policy and changes in host countries: from Privatization to re-nationalization
- Weak Trust: some IOCs were frustrated and reluctant to continue to cooperate
- Conflicts of Interests: CNPC and ONGC
- Mindset or Culture
CNPC Embarrassments

- CNPC: NOC or IOC?
- CNPC: Company or Country?
- CNPC: Misunderstood by Gov and the Public in host countries and IOC.
Conclusions

- Worldwide cooperation becomes a new scene, greatly impact on world energy structure and market.
- IOCs and NOCs are inclined to cooperation regionally and globally eventually.
- Some hurdles may continue to exist or even expand but will could not outpace rationale of worldwide cooperation in the future. Oil policies in host countries would be balanced by market and other forces, in which way, there would be huge rooms for cooperation worldwide. We will continue to learn.
Thanks for listening

- Questions and Comments
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