

### CNPC clinches deal to develop Iranian gas field

China National Petroleum Corp (CNPC), the country's largest oil and gas producer, has clinched a deal to develop phase 11 of Iran's South Pars gas project, and beef up its oil and gas operations in the country that holds one of the world's top oil and gas reserves, an industry official told media.

CNPC will start drillings in the gas field as early as March to evaluate the reserves, after its initial overall development plan won Tehran's approval near the end of last year, pushing ahead the mega-project worth \$4.7 billion after a preliminary pact was sealed last June.

"The real work will start as soon as after the Chinese New Year holiday," said the official familiar with CNPC's international operations.

CNPC, parent of listed PetroChina, had in December beefed up staff to about 60, based in Beijing and Tehran, dedicated to operations in Iran that also include two oil projects: North Azadegan and the smaller Masjed-i-Suleiman.

CNPC's spokesperson was not immediately available for comment.

Company officials told reporters that CNPC had internally acclaimed 2009 as the year which marked one of the firm's biggest feats in its decades-long overseas drive, led by company Chairman Jiang Jiemin.

Apart from the South Pars deal, CNPC won two service contracts in Iraq to develop the giant Rumaila and Halfaya oilfields, allowing the firm access to total estimated reserves of about 21 billion barrels.

"CNPC has made it a distinctive strategy: to gain a foothold in countries with top reserve bases. Iraq and Iran are among the top in the list," the official said.

But production from the giant South Pars field remains in question partly because the United States and US sanctions prohibit access to key liquefying gas technologies that are mostly in the hands of US firms, analysts have said.

It was not clear if Petronas, Malaysia's state oil and gas firm, would still tie up with CNPC for the South Pars project. Petronas said last June that it would partner with CNPC when the Chinese firm takes over as the main foreign investor.

CNPC said earlier it increased its overseas production to a record last year after gaining access to more fields in Kazakhstan and Canada.

The company boosted crude oil output by 12 percent to 69.62 million metric tons from fields outside China in 2009. Natural gas production gained 22 percent to 8.2 billion cu m, while overseas refineries boosted the volume of oil processed to 10.08 million tons.

*Source: China Daily*