

Sino Gas to Start Producing Coal-Seam Gas in Ordos Next Year
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By Bloomberg News

Dec. 7 (Bloomberg) -- Sino Gas & Energy Holdings Ltd., an Australian company developing natural gas in China, said it will start producing coal-bed methane at the Ordos Basin in northern Shaanxi province next year.

The projects at the basin will reach full output in 2013, Chairman Gavin Harper said in an interview in Beijing today.

Sino Gas acquired the Ordos projects from Chevron Corp. in 2006 after the U.S. company made little progress on finding gas. The Australian explorer, which has slumped 57 percent in Sydney since its 2009 listing, has discovered 5.4 trillion cubic meters of methane reserves trapped between layers of coal at the basin, one of the largest deposits in the country, Harper said.

"We are small, but we do deliver," he said. "I think our partners certainly take note on that."

Sino Gas has a 70 percent stake in Ordos's Linxing field, while partners China CBM and China National Offshore Oil Corp. hold the rest, according to a project update released today by the Australian explorer. Sino Gas owns a 49 percent share in the adjacent Sanjiaobei field, with CNPC holding the rest.

Sino Gas is looking to expand into possible shale gas and coal-bed methane exploration in the western province of Xinjiang, Harper said.

The Australian company has also held talks with CNPC, China United Coalbed Methane Co. and China National Offshore on joining them in shale gas projects, should the Chinese explorers obtain rights from the government to develop new fields, he said.

Sino Gas fell 5.1 percent to 3.7 Australian cents at the close of Sydney trading, compared with the 0.7 percent gain in the benchmark S&P/ASX 200 index.

China's coal-bed methane production may reach as much as 60 billion cubic meters in 2020 and account for 20 percent of the country's total natural gas output, Sun Maoyuan, a senior advisor to a national energy committee, said at an unconventional gas conference in Beijing today.

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--Guo Aibing. Editors: Ryan Woo, Indranil Ghosh.

To contact the reporter on this story:

Aibing Guo in Beijing at +852-2977-4623 or aguol0@bloomberg.net

To contact the editor responsible for this story:

Amit Prakash at +65-6212-1167 or
aprakash1@bloomberg.net.