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Chinese oil giant, CNOOC Limited has projected 225-231 million barrels of oil equivalent (BOE) production for this year, up from an estimated net of 194-196 million BOE in 2008.

The firm is hoping to boost the output from the Nigeria’s offshore Akpo Field in Oil Mining Lease (OML 130) which is scheduled for production this year.

Altogether, the company is targeting 10 new projects as major contributors to the production growth in 2009. Eight of them are located in offshore China along with the OML130 in Nigeria and Tangguh LNG project in Indonesia.

CNOOC in 2006 acquired a 45 per cent working interest in OML 130 from South Atlantic Petroleum Limited, a company owned by General Theophilus Danjuma, former Defence Minister, for $2.268 billion.

OML 130 covers an area of approximately 500 square miles in the Niger Delta and is a deep water block with water depths ranging around 1,100m to 1,800m. It contains the Akpo field, which was discovered in 2000. Besides Akpo, OML 130 contains three other significant discoveries Egina, Egina South and Preowei. The block also contains a range of further exploration prospects. Akpo’s P50 liquid recoverable volumes have been estimated by Total, the operator of OML 130, to be approximately 600 mmbbls, with potential for additional P50 recoverable oil in excess of 500 mmbbls for the whole OML130 area. Akpo is expected to come on-stream this year and reach peak production shortly after that. Total production is expected to increase sharply when Egina, Egina South and Preowei will come on-line. At a price of approximately $4.6/boe (multiple calculated based on the P50 recoverable volumes of Akpo and other additional volumes in the OML 130 area), the acquisition is on highly attractive terms also when compared to other recent world-scale upstream transactions.

Meanwhile, CNOCC said it will further enhance its exploration efforts this year. The company’s exploration activities will still focus on offshore China. “We plan to drill 80 plus wells and acquire over 30,000 kilometers 2D seismic and 9,200 square kilometers 3D seismic data independently in offshore China and overseas. The company expects to achieve a reserve replacement ratio (RRR) of over 100 per cent in 2009 through the intensive exploration programme.”

The company anticipates a busy schedule in the engineering, development and production sector in 2009, with over 20 development projects under construction.

“Our capital expenditures will provide strong support to the growth in 2009 and for the next few years. In 2009, the company’s total capital expenditure is planned to reach $6.76 billion, representing an increase of 19.0 per cent year on year, in which $ 4.38 billion is budgeted for development, $ 1.11 billion for exploration and $1.12 billion for production.

“With the high level of unit cost in the industry, the company will continue to exercise its stringent cost control. And as always, we will also carry out the established strategies to maintain our profitability and create more value for our shareholders.” Mr. Yang Hua, Executive Vice President and CEO of the company commented.

Mr. Fu Chengyu, Chairman and Chief Executive Officer of the Company said,” Although there is a downward fluctuation of oil price in the second half of 2008, we kept our business at stable pace. We are confident in a continuing production and reserves growth in 2009. Next year, our exploration and development activities will be further strengthened to facilitate our sustainable development in the future.”