

# **Promotion of Mutual Investments between Oil Producing and Consuming Countries**

## **A Perspective from a Japanese Oil Company's Point of View**

**AEF 2005**  
**Makoto Satani**  
**Nippon Oil Corporation**

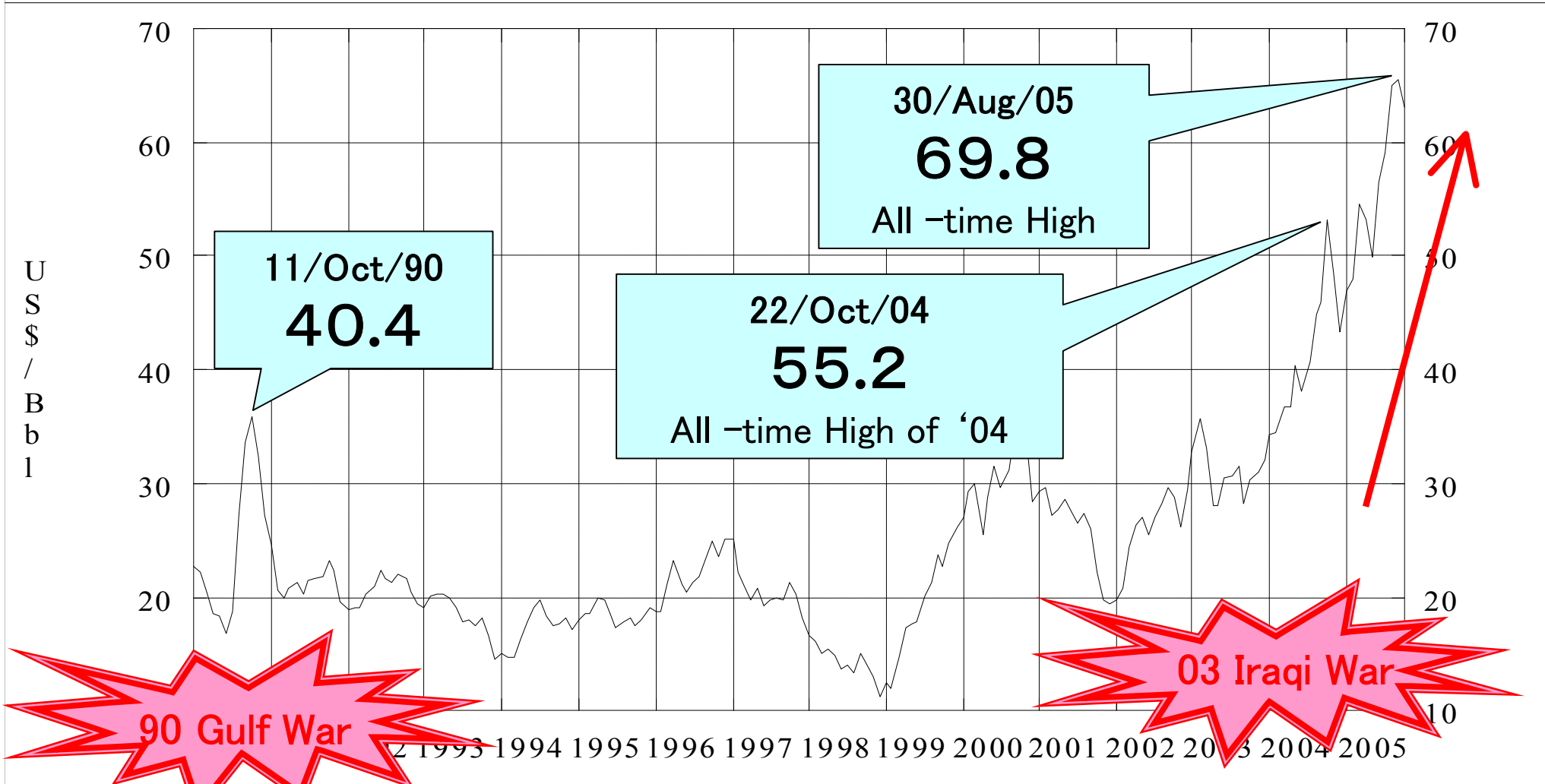


**新日本石油**  
Your Choice of Energy

# NYMEX WTI

PAWS NYMEX WTI M h1 (Adj) 21 OCT05

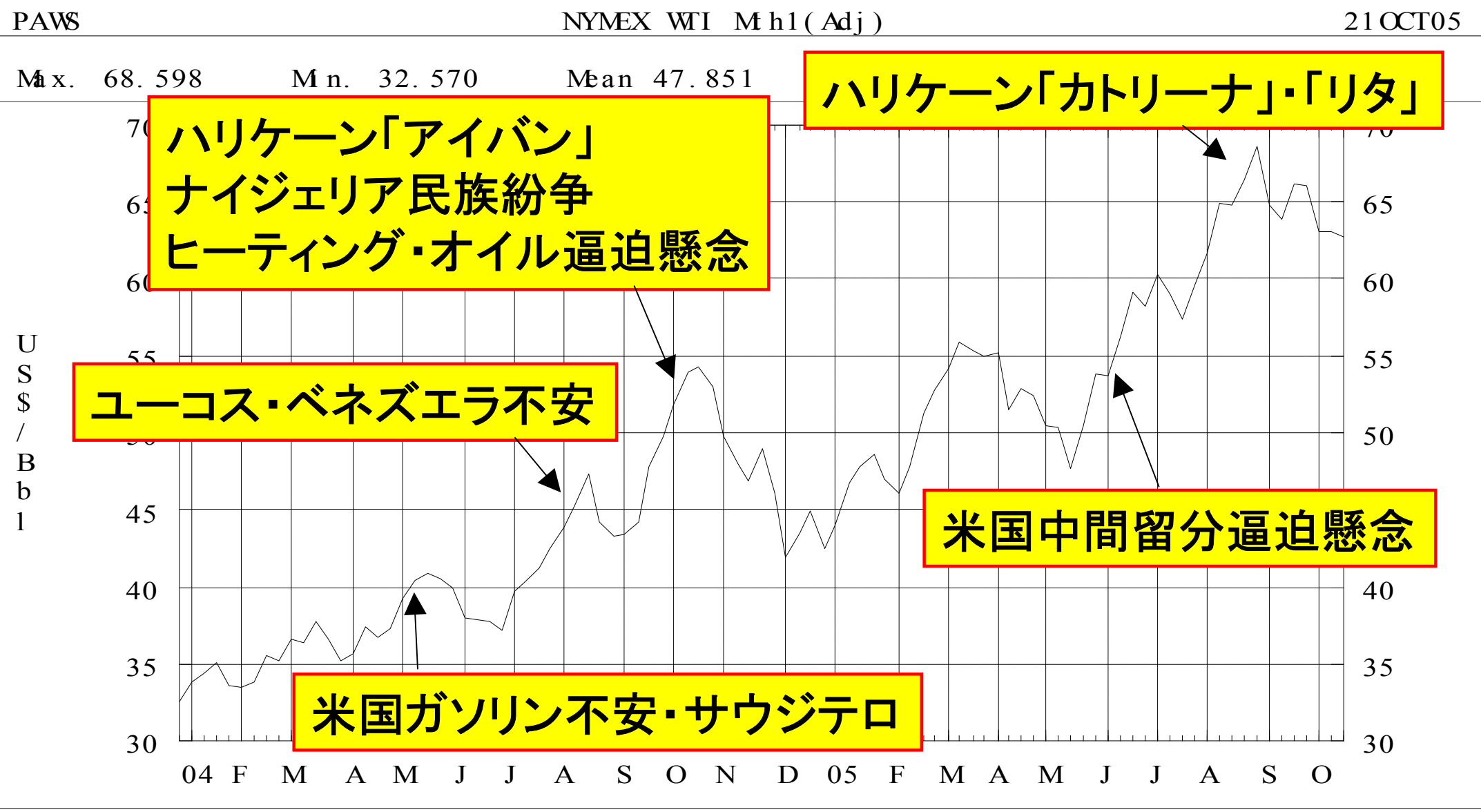
|      |        |     |        |      |        |            |        |      |        |
|------|--------|-----|--------|------|--------|------------|--------|------|--------|
| Max. | 65.553 | Mn. | 11.311 | Mean | 25.157 | St d. Dev. | 10.281 | Last | 62.966 |
|------|--------|-----|--------|------|--------|------------|--------|------|--------|



Nippon Tokyo

JAN90 to OCT05

# WTI (2004-2005)



Nippon Tokyo

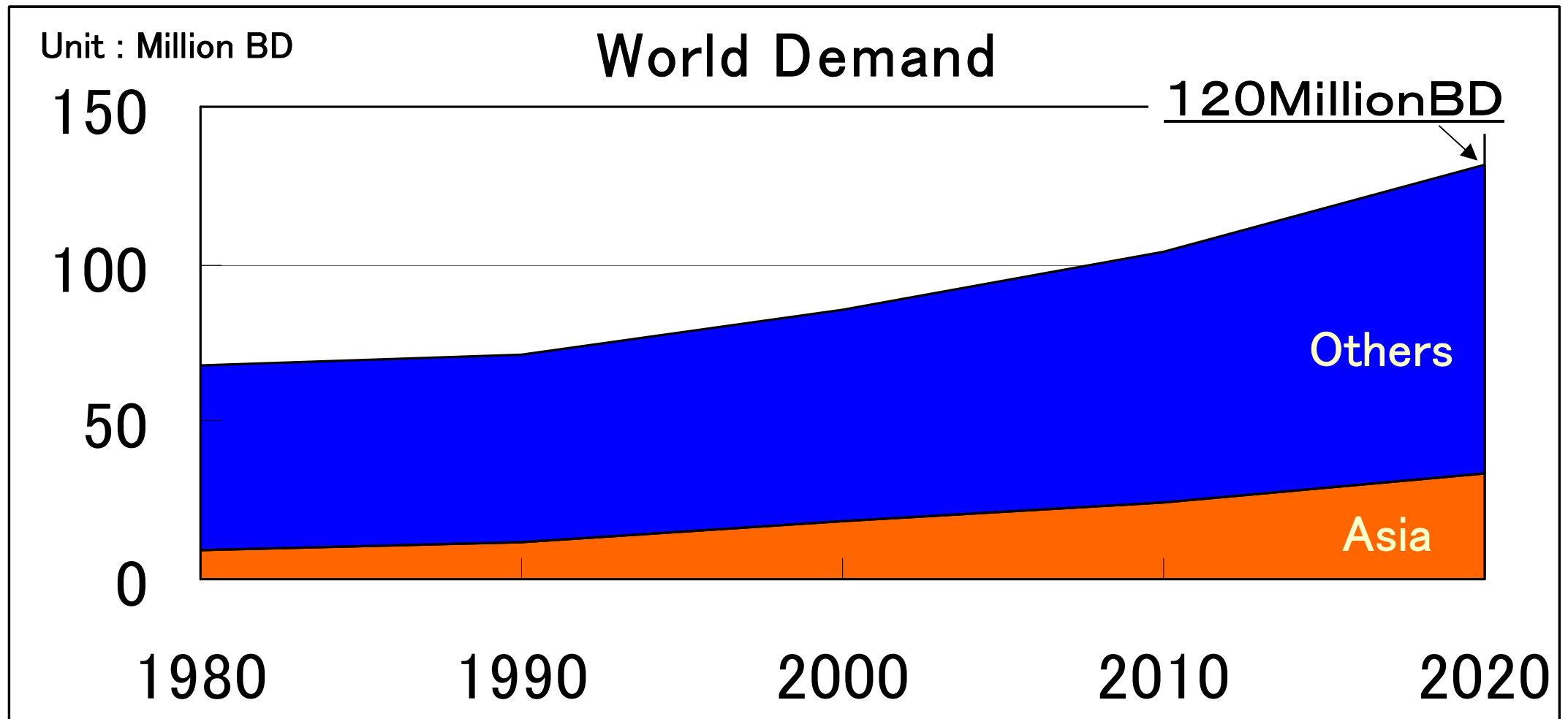
29 DEC03 to 17 OCT05

# OPEC10 Spare Capacity (05/Sep)

Unit: Million BD

| Country      | Capacity<br>① | Production<br>② | Quota | ① vs ② |
|--------------|---------------|-----------------|-------|--------|
| Saudi Arabia | 11.0          | 9.6             | 9.1   | 1.4    |
| Kuwait       | 2.5           | 2.5             | 2.3   | 0.0    |
| Iran         | 4.1           | 4.0             | 4.1   | 0.1    |
| UAE          | 2.5           | 2.5             | 2.4   | 0.0    |
| Qatar        | 0.9           | 0.8             | 0.7   | 0.1    |
| Indonesia    | 1.0           | 0.9             | 1.5   | 0.1    |
| Venezuela    | 2.7           | 2.7             | 3.2   | 0.0    |
| Nigeria      | 2.5           | 2.5             | 2.3   | 0.0    |
| Libya        | 1.7           | 1.7             | 1.5   | 0.0    |
| Algeria      | 1.4           | 1.4             | 0.9   | 0.0    |
| TOTAL        | 30.2          | 28.4            | 28.0  | 1.7    |

# Expanding Demand

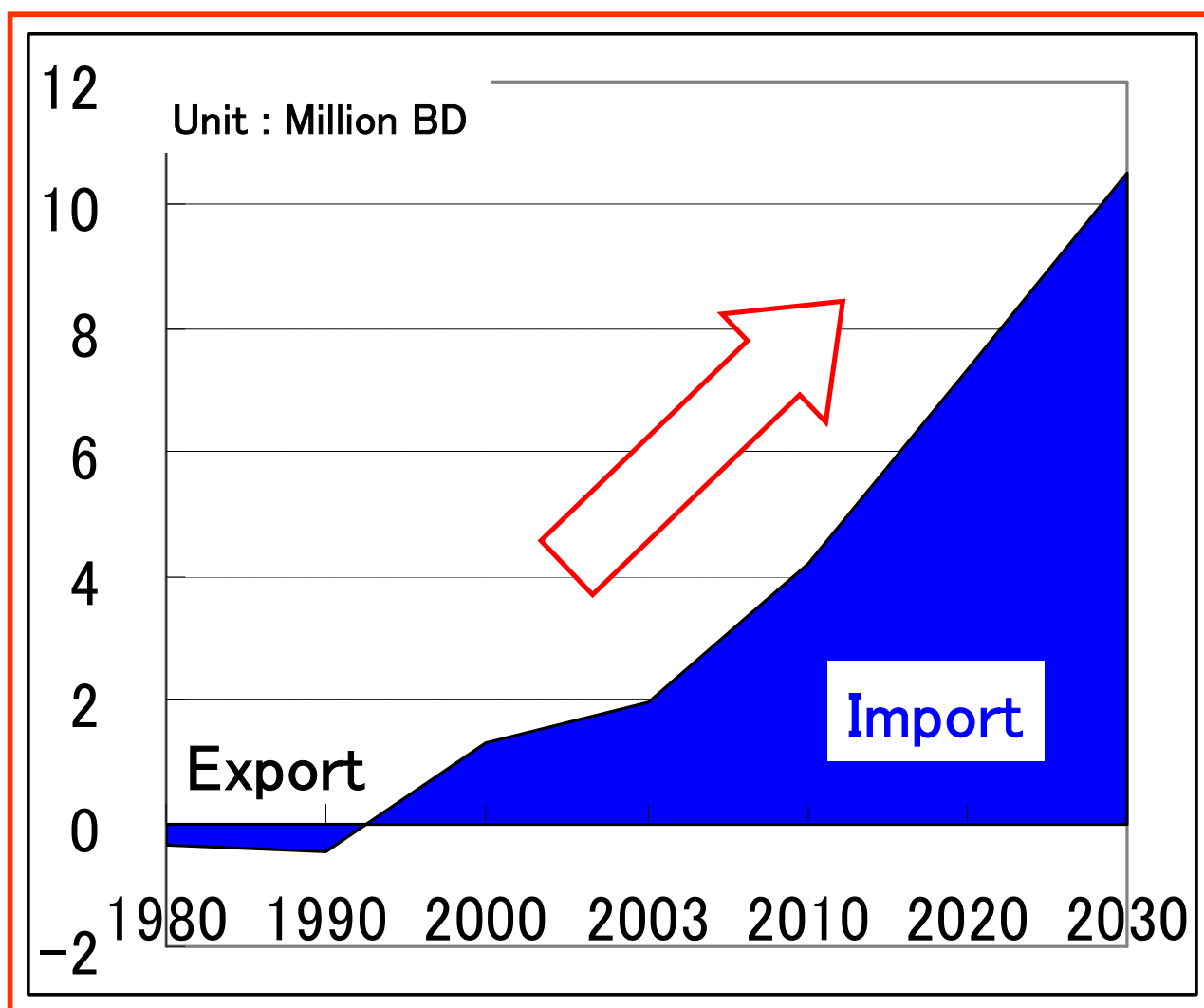


Increase in supply capacity needed

➔ stable supply and stable market

# Chinese Import Dependency

## China Export/Import Balance

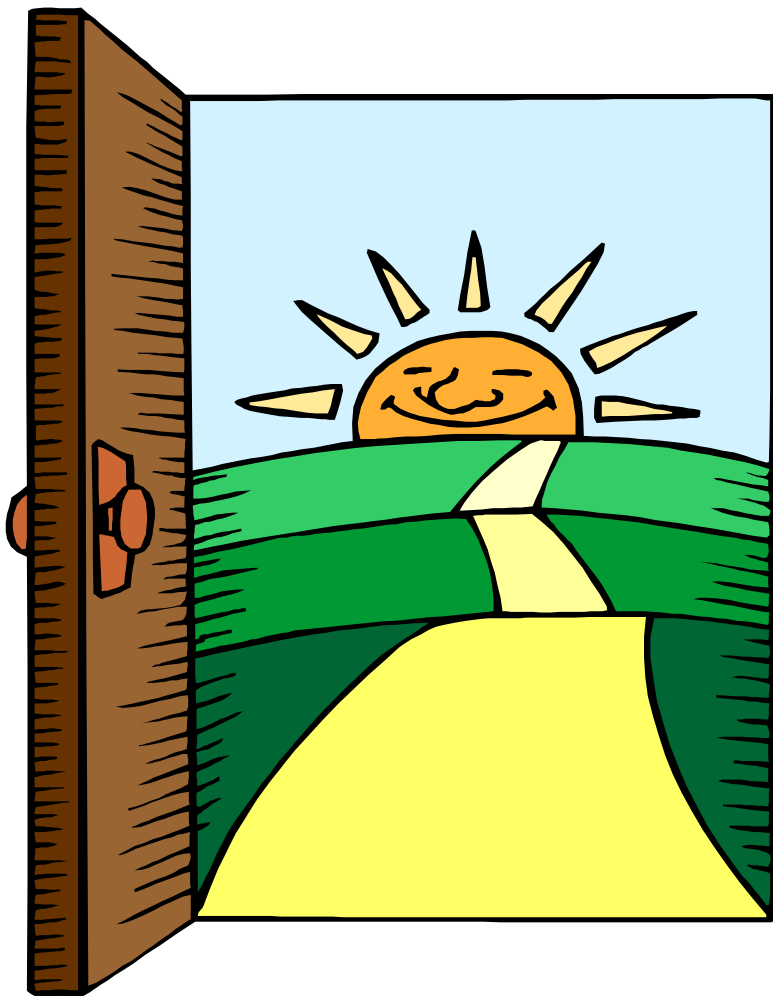


## Primary Energy Consumption per Capita

|              |            |
|--------------|------------|
| <u>CHINA</u> | <u>33</u>  |
| INDIA        | 13         |
| BRAZIL       | 49         |
| <u>JAPAN</u> | <u>172</u> |
| GERMANY      | 173        |
| <u>USA</u>   | <u>339</u> |

(2002:Mil BTU:EIA)

# Are the Doors Opening or Closing?



# LET US COOPERATE EACH OTHER

- **Why?**
- **How?**





# Strengths of National Oil Companies/Private Oil Companies

|                        |   |
|------------------------|---|
| national oil companies | <ul style="list-style-type: none"><li>● have resources</li><li>● strategic supply: spare capacity</li><li>● local knowledge</li></ul>   |
| private oil companies  | <ul style="list-style-type: none"><li>● financial strength</li><li>● access to capital</li><li>● complex mega projects</li><li>● technology</li><li>● frontier risk</li></ul> |

# National vs Private Oil Companies

- Conflict of priority of interest?  
national: long term reserve strategy  
private: short term return
- Transfer of technology: How? When?
- Inviting private investment: How? Tender?
- Tax regime

# Cooperation between National and Private Oil Companies

産油国国営石油会社と消費国民間石油会社の協力

- P/S contracts
- Joint venture/Sharing the board members
- Reduction of costs/Enhancement of efficiency
- Technology

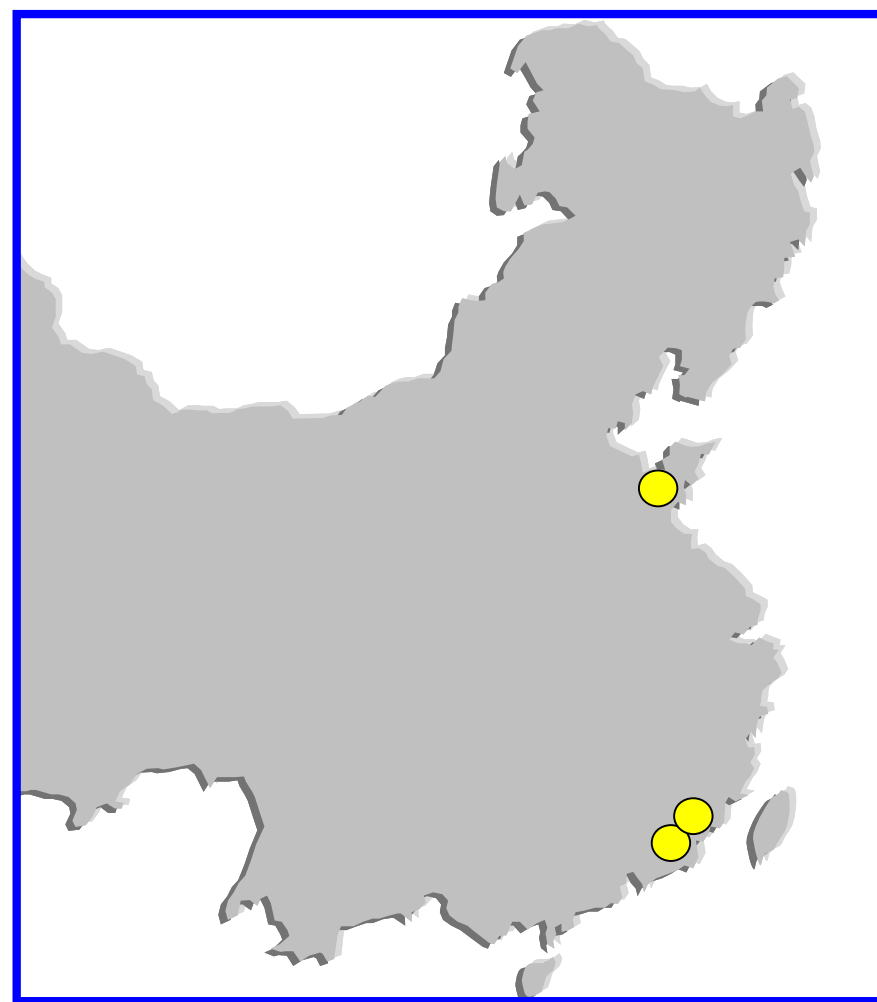
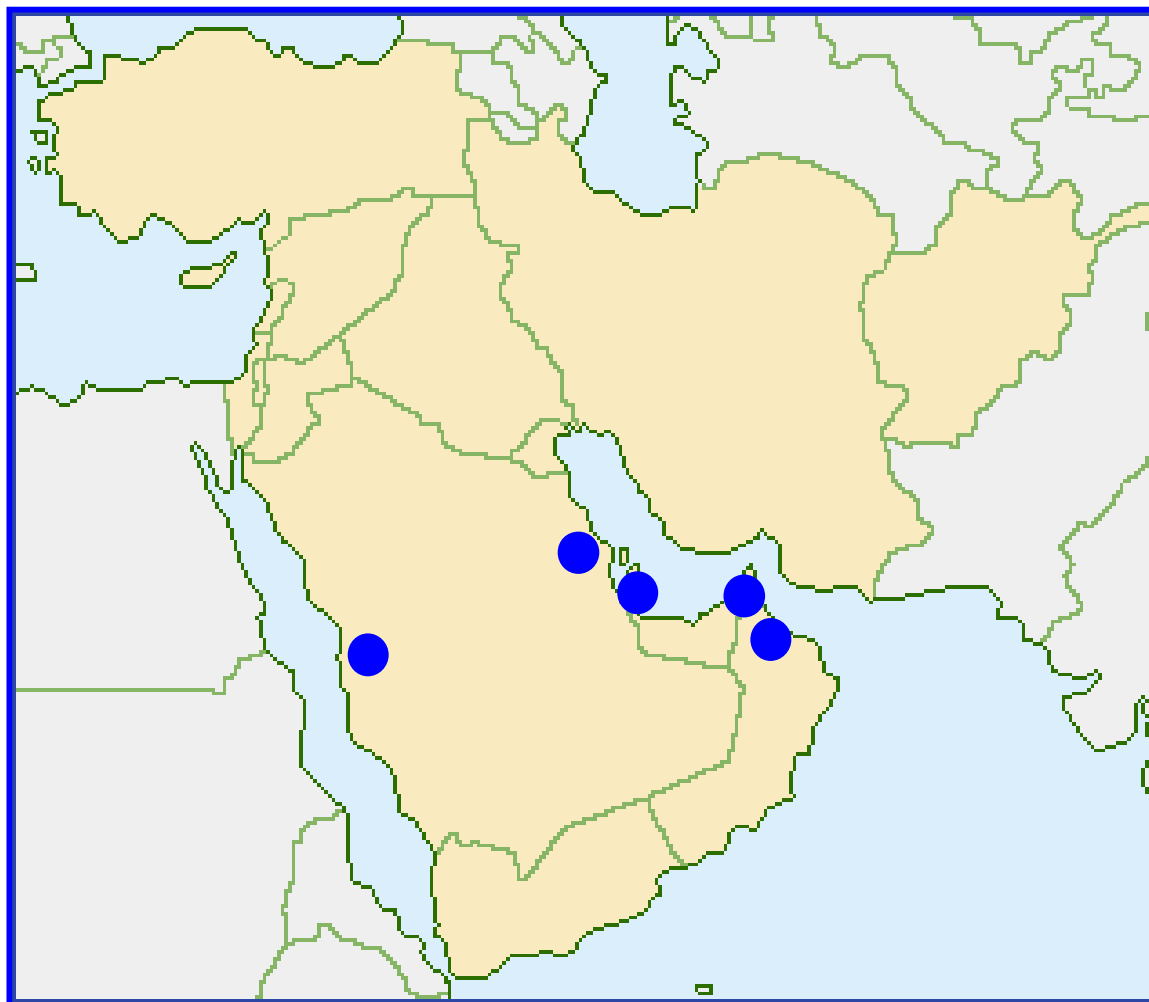
# Libya: Tender Result Oct 2005

| AREA      | WINNER                              |     |           |
|-----------|-------------------------------------|-----|-----------|
| Offshore  | Nippon Oil, Mitsubishi Corp.        |     |           |
|           | Pertamina                           |     | CNPC      |
| Northeast | Nippon Oil, Japex, Mitsubishi Corp. |     |           |
|           | Inpex, Total                        | EM  | Statoil   |
| West      | Teikoku Oil, Mitsubishi Corp.       |     |           |
|           | ONGC                                |     | Tatneft   |
| Central   | IOC                                 | BG  | Pertamina |
| Southwest | Japex                               |     |           |
|           | Norsk Hydro                         | Eni | Tupras    |
| Southeast | Statoil, BG                         |     | Eni       |

# Nippon Oil's Upstream Activities



# **DOWNSTREAM** Cooperation between Producing and Consuming Countries



# ENVIRONMENTAL ISSUES

## Cooperation between Oil Companies

### 環境問題対策

- Energy efficiency
- Clean energy
- CDM

# Nippon Oil's Technology Activities



- Energy conservation
- Flue gas desulfurization
- Wastewater treatment