Current Status and Future Projection of China Natural Gas Industry

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China is relatively rich in natural gas resources. In recent years, the development of natural gas resources has increased rapidly due to the improvement of geological understanding and exploration technologies. At the end of 2004, China has a proven gas reserve of 4.38 trillion m³ in place, of which 2.77 trillion m³ was of commercial value. Natural gas production reached 40.77 billion m³ for the year of 2004, with the Sichuan gas fields contributing to over 10 billion m³.

With the completion of the trunk gas pipelines of the West-East Line, the Zhong-Wu Line, the Shan-Jing line (including the second Shan-Jing Line), the Yacheng-Hong Kong Line and the Pinghu–Shanghai Line etc., China has now built up a comprehensive natural gas transportation pipeline network and has expanded the on-line natural gas market rapidly. It is anticipated that the proven reserve of China’s natural gas will keep increasing with an annual increase of more than 200 billion m³. Natural gas production will also be increased substantially. It is also expected that China’s annual production of natural gas will reach 100 billion m³ by 2010 and China will then become one of the largest gas producing countries.