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Sudan works with CNPC, Petronas on oil extraction

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CAPE TOWN (Reuters) - Sudapet, Sudan's national petroleum company, is working with China's CNPC and Malaysia's Petronas to boost its oil recovery yield by another 1 billion barrels by 2020, a senior Sudapet official said on Tuesday.

Split by a north-south civil war and hurt by U.S sanctions, Sudan is courting more international exploration deals as investors look to exploit its oil reserves, which are estimated at 16-17 billion barrels onshore.

"We are looking at new technology to improve the recovery factor so as to reach 30 percent, and that will maximize our reserves by an additional 1 billion barrels by 2020," Ali Faroug Abbas Shahin, Sudapet senior vice president told Reuters on the sidelines of an African energy conference.

Shahin said Sudan, which has mainly heavy, viscous oil, was recovering only about 23 percent of producible oil reserves. The country's total oil production was about 480,000 barrels per day, with Sudapet providing about 10 percent of that.

"We have a partnership with CNPC, Petronas, and now we are looking for a partnership with Indonesia," he said.

Shahin did not say the total investment required to boost oil extraction but said it could cost up to \$300 million to increase production from a single field.

Besides the onshore oil initiatives, Shahin said Sudapet was also interested in shale and tight sands gas discovery in Block 8 in northern Sudan, with potential natural gas reserves running into several trillion cubic feet.

"We are going to take up the operatorship of this block from Petronas by June 2011, God willing, and we are going to acquire more shares from Petronas," Shahin said.

Petronas currently holds a 77 percent stake in Block 8, and Sudapet wanted to increase its share to become a majority shareholder, said Shahin.

Besides block 8, Shahin said gas also was found in the shallow waters of the Red Sea, but the volumes at half a trillion cubic feet were not large enough to commercialise.