



The Hirsch Report and some drilling data refs.

Posted by [Heading Out](#) on July 30, 2005 - 11:24pm

Just a couple of quick back references. Michael Watkins drew attention to the [Energy Bulletin article](#) asking what happened to the Hirsch Report, and requesting a link to the article. The answer I guess to what happened to the report is that, as with so many reports, and letters on the subject, if it did not carry the right message it got quietly shelved. (Though I do have a copy archived on a hard disk).

We did however cover it or use some of the data from it on [April 28th](#); [May 1st](#); [May 2nd](#); and [May 3rd](#). The report was remarkably forthright in its comments.

And further to talk about drilling rigs â€“ I forgot to back reference the post that listed the rigs and their productivity that we provided back in May, and that tied in to the post the other day on potential increases in production. It can be found [here](#).

Chinese drilling numbers can be found in the [OGJ](#). The article has a vast amount of data on Chinese production in it and is well worth reading â€“ just four short bits from it as examples:

Sinopec National Star drilled 221 exploration wells and 300 production wells onshore and 5 exploration wells offshore in the East China Sea during the 3-year period ending Dec. 31, 2000. As of May 31, 2001, Sinopec National Star had exploration licenses for 77 blocks (about 154,910 sq km) and development licenses for 24 blocks (about 2,721 sq km).

In June 2001, Sinopec Corp. announced that it (China Petroleum & Chemical Corp.) had acquired Sinopec National Star Petroleum Co. from China Petrochemical Corp. for about \$779 million, representing about \$1.77/boe for proved reserves of about 622 million boe. The enterprise value of Sinopec National Star was about \$1.1 billion, but it carried an estimated net debt of about \$324 million.

In late September 2002, Sinopec Corp. announced that it had drilled and completed 259 exploratory wells through August, including 132 successful wells (~51% success rate). The company controlled 787,800 sq km, comprising 93.9% land area and 6.1% offshore area, an increase of 280,000 sq km from the previous year.

China National Petroleum Corp. (CNPC), the largest national oil company, operates 13 oil fields onshore China, primarily through subsidiary PetroChina Co. Ltd. The company had 641 drilling rigs, 584 crews, and drilled 7,095 domestic wells in 2003, including 481 exploration wells and 6,614 development wells. Total drilling footage increased 25% from 2002; 13,776 m were drilled in 2003.

Horizontal drilling has been used in China for more than 15 years. OGJ reported in 1991 that a surge of horizontal drilling hit the country and was being used in eight producing areas, including the Shengli complex (OGJ, Aug. 19, 1991, p. 30).

In 2003, CNPC drilled and completed 28 horizontal development wells in the Tarim oilfield in the Taklamakan desert of northwestern China, representing 34% of the total number of wells in the field but accounting for 45.4% of the total production.

According to a February 2005 news release, a single well in the Yingmaili area of the Tarim field produced 118 cu m/day from Cambrian carbonates.

In the Jidong oil field in Hebei Province, CNPC says horizontal wells produced oil and gas at 3-4 times the rate for vertical wells. Horizontal completions also helped to control the high water cut in the field.

In late May 2005, Houston-based Far East Energy Corp. (FEEC) announced contracts with the No. 1 Drilling Co. of Zhongyuan Petroleum Exploration Bureau (ZPEB) to drill two long-reach, underbalanced horizontal wells in China's Shanxi Province beginning in June 2005. ZPEB is a subsidiary of Sinopec.

The wells will be drilled in the Shouyang Block to about 550 m (1,800 ft) with up to 4,000 m of horizontal drilled laterals inside the coal seam for each well. Far East Energy farmed out its 4,280 sq km (1,057,650 acres) CBM project in Shanxi Province from ConocoPhillips.

The company says each well will take 35-60 days to drill and complete, after which they will de-water and test.

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