

## Iran and China poised to sign pact on oil field

By Marc Wolfensberger  
Bloomberg News

Iran and China have moved a step closer to signing an energy deal worth as much as \$100 billion, with the Islamic republic saying it had invited China Petrochemical's managing director to Tehran to sign an accord first reached in 2004.

The contract for Sinopec Group, as China Petrochemical is known, to develop the Yadavaran oil field in Iran and secure oil and gas supplies over a 25-year period is complete and ready to be signed, Petroenergy Information Network, the Iranian oil ministry news agency, said Saturday.

Iran, under U.S. economic sanctions and at odds with the United States and the European Union over its nuclear activities, is seeking friendlier markets. China and Russia said in October that they would oppose a draft resolution imposing United Nations sanctions on Iran for its nuclear program. No resolution has been passed since.

"All elements of the contract have been finalized and it is in the final process for signing by Sinopec," Gholamhossein Nozari, the president of National Iranian Oil, was quoted as saying by the agency.

Under the initial deal signed by Sinopec, China would pay Iran as much as \$100 billion over 25 years for the oil and gas purchases and for a 51 percent stake in the Yadavaran oil field, which is in Khuzestan province near the border with Iraq.

The deal would allow China to buy 150,000 barrels of Iranian crude a day at market rates for 25 years as well as 250 million tons of liquefied natural gas.

Royal Dutch Shell, which has worked as a technical consultant for Sinopec on the Yadavaran oil field, will participate in the field's development, Iran's oil ministry said in September. Shell officials have said the company is seeking a 20 percent stake in the field.

Iran's constitution forbids foreigners from holding rights to natural resources. Instead, foreign firms may have "buyback agreements" to finance the development of reserves, hand them over to Iranian control and then recover their investment at an agreed rate of return from subsequent production.

Sinopec signed a contract on July 31 worth €2.17 billion, or \$2.84 billion, with Iran to expand the capacity of the nation's refinery in Arak.

Iran is negotiating with several other Chinese companies to develop its energy sector. It is holding talks with Cnooc, China's biggest offshore oil producer, about developing the North Pars gas field in the Gulf, Iran's Oil Ministry said last month.

In exchange for developing the field, Cnooc may be able to sell liquefied natural gas from two of the field's four phases over the 25-year period.

The Yadavaran oil field, with estimated reserves of 3 billion barrels, will probably produce 300,000 barrels a day - or about the same volume China imports from Iran, Petroenergy said.

China Petrochemical is the parent company of China Petroleum & Chemical Corp., a publicly traded company that is the largest Asian refiner.

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