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## China closing in on the Faroe border

Should the Canadian Government approve the sale of one of Canada's largest oil companies Nexen, the publicly owned Chinese oil company Cnooc, which already is one of the world's largest, will head several of the exploration licenses close to the Faroe border. Chinese closing in. The insatiable Chinese investment hunger around the world seems to have no end. Over the past years we have seen how Chinese companies, publicly owned for the most part, have invaded other parts of the world like Africa and South America. It now looks like Europe is in the firing line in earnest. The Chinese are in particular looking at European companies engaged in energy, not least oil and gas companies. We recently heard about Chinese companies willing to invest billions in Greenland in order to secure important and rare minerals, but oil and gas is very high on the Chinese agenda. This was proven when the largest public Chinese oil company, Cnooc made a 75 billion kroner bid for the large Canadian oil and gas company Nexen. Second largest in the North Sea Nexen, which has interests in Canada and the Gulf of Mexico, is also very active in the North Sea, where it is the second largest producer of oil in the UK sector. The company flagship is the Buzzer oilfield east of Aberdeen. It was discovered by a Canadian oil company which was then also involved in the preparations for the exploration of the Faroes. As the Chinese are now interested in acquisitioning Nexen, they will be taking a giant step towards the Faroes, as Nexen holds several exploration licenses west of Shetland, some very close to the Faroe border. The area between Shetland and the Faroes. The Nexen shareholders have agreed to sell to the Chinese company. What remains is for the Canadian Government to sanction the deal and it is estimated this will occur. The Chinese are prepared to pay US \$25,5 per share if the deal goes through, and this will be the largest ever Chinese investment

outside of China. It is also worth noting that this same Chinese company acquisitioned almost half of the Flotta oil terminal in Orkney from another Canadian oil company; Talisman. South Korea and Japan It seems that there is an increasing interest from several Asian countries apart from China and Japan to invest in oil exploration in the North Sea, not least west of Shetland. If we look at the companies holding and being awarded new exploration licenses west of Shetland and thereby also close to the Faroe border, several Japanese and South Korean companies are among them. Through the acquisition of Nexen China has announced their arrival on the field. There can be little doubt that these Asiatic companies, often publicly owned, willing to go to great lengths to acquire oil and gas for their ever hungry domestic markets, are also looking at the Faroes. Recently Jarðfeingi announced they had received an application from a company or companies, wishing to explore for oil and gas in the so-called Golden Corner. As of yet we do not know what company or companies have applied, but they could be Asiatic companies. Statoil well drilling Should Statoils this year drilling be successful and discover oil or gas or acquisition important new knowledge, this will undoubtedly create an interest for Chinese, Japanese and South Korean oil companies, as they are interested in the area. Companies from some of these countries are also participating in the exploration of the Faroes. We must also bear in mind that when the publicly owned South Korean oil company acquisitioned the UK owned Dana Petroleum, approximately 28% of the Faroe oil company Faroe Petroleum was included in that deal.