Rapidly economic expansion of China keeps boosting its demand for energy. The process of China's rise as a major power of the world, to a great extent, hinges on reliability and sustainability of its energy supply, therefore China has made it a top priority on its diplomatic agenda to gain access to and utilize resources on a global scale. Over the past decade, China has become one of the world's major oil and gas importing countries. Meanwhile, China has made it a national policy to significantly enhance the share of natural gas in its total energy consumption from 3% to 8% within the next five years, which means that China's annual demand for gas will jump to 100 billion cubic meters in the same period.

Against this backdrop, an independent oil and gas company, developing oil and gas resources in those remote and vast central Asian basins, is planning to supply the needs of China and East Asia economies, which have been expanding rapidly and are now a powerhouse of the world economy, by tapping the richness of the company's natural gas reserves in Central Asia and its geographic advantages.

As a company exploring and producing oil and gas primarily in Central Asia, and the only independent energy company operating petroleum assets simultaneously in three central Asian countries (Kazakhstan, Tajikistan and Uzbekistan), Tethys Petroleum Limited (stock code: TPL) has accumulated a richness of experiences operating in Central Asia and is in locked steps with global markets through listing of its shares in both London Stock Exchange and Toronto Stock Exchange.

Dr. David Robinson, Chairman, President and Chief Executive Officer of Tethys Petroleum Limited, is an enthusiastic proponent of developing and utilizing natural gas resources. As the cleanest fuel, natural gas is the ideal alternative form of energy for China and East Asia economies as exploitation processes of natural gas are well developed, wide range of markets have been established for natural gas and natural gas is environment friendly as well as cost effective.

On November 12, 2011, Dr. Robinson was elected into the board of Pacific Basin Economic Council (Pbec) at the Pbec annual meeting in Honolulu, Hawaii, and in the speech addressing a summit associated with the leaders' meeting of Asia Pacific Economic Cooperation (Apec) held in Honolulu too, he discussed the exploitation and utilization of and market prospects for the natural gas reserves in Central Asia, highlighting energy risks facing the East Asia, urgency of East Asia's demand for cleaner energy and the importance of promoting natural gas in East Asia.

Tethys Petroleum is currently planning a deal to significantly increase its interest in a petroleum joint venture located within Tajikistan, which borders China and is extremely rich in natural resources such as natural gas. Dr. Robin describes the country as the “jewel in the crown”. On November 29, 2011, Tethys Petroleum announced a USD 13 million private placement of its shares to further support its exploration and production activities in the country.

In the exclusive interview with Quam Money, Dr. Robinson elaborated on the strategic value of the deal. He emphasized that by increasing its shareholding to the status of absolute majority control, Tethys Petroleum will be able to deeply plow the area underlying the deal, an area of very huge potential and with rich oil and gas resources in deep formations, making it a promising supplier of oil and gas to China; meanwhile, this deal will bring flexibility necessary for the company to choose multinational petroleum giants or state-run companies to forge long-lasting partnerships for exploration and production activities in the area.

In the opinion of Dr. Robinson, Pbec has an important role to play in promoting regional economic and trade cooperation, which needs to be driven and supported by reliability of energy supply, and to a great extent, Central Asia may contribute to this reliability. Importance of oil and gas resources of Central Asia will become increasingly evident to the Pacific Basin economies (especially China), which is undergoing rapid economic expansion and has an ever-increasing demand for energy. China has chosen natural gas as the major clean source
of energy to replace coal, and its demand for natural gas just jumped. Kazakhstan and Tajikistan are well poised to become strategically important exporters of oil and gas to China as they border China and have access to both the rich resources and the existing natural gas pipelines.

China's Ever-increasing Thirst for Energy

China fails to support its rapid economic expansion with energy produced and reserved within its borders. In fact, China began to import crude oil and gas in vast quantities from Africa, Russia and other regions over the past decade, and now is the world's largest consumer of natural gas. Meanwhile, China has been committed to reducing its reliance on coal and other forms of energy that seriously pollute the environment and chosen natural gas as the one the major sources of clean energy for its future. The Chinese authorities expect to raise the share of natural gas in its total energy consumption significantly to 8.3% over period of The Twelfth Five-year Plan, and raise the share further to 10% by 2015.

Photo caption: Dr. David Robinson, Chairman, President and Chief Executive Officer of Tethys Petroleum Limited, chose a special tie, which is embroidered with Chinese characters "Ke Neng Shi You You Xian Gong Si" (meaning Tethys Petroleum Limited), for his interview with Quam Money.
Photo caption: On November 12, 2011, Dr. Robison was elected into the board of Pacific Basin Economic Council (PBEC) at the PBEC annual meeting in Honolulu, Hawaii, and in the speech addressing a symposium associated with the leaders’ meeting of Asia Pacific Economic Cooperation (APEC) held in Honolulu too, he discussed the overview of natural gas industry in Central Asia and solutions for supplying natural gas from Central Asia to East Asia economies, especially China.

China experienced a jump in its demand for natural gas as it aims to have its ever-increasing energy demand met while avoiding additional emissions of greenhouse such as carbon dioxide and other pollutants. However, it is estimated that by 2020, natural gas produced within China can meet no more than half of its demand for natural gas. Therefore, it is inevitable that China has to import natural gas in vast quantities. An economic giant, which is guzzling energy at an accelerated rate and shifting to clean and sustainable energy, is clearly good news for natural gas exploration and production operations in its neighboring countries, especially Central Asia countries.

Solution Lies in Energy from Central Asia

As the home of several of the largest sedimentary basins of the continental Asia, Central Asia is rich in natural gas resources and those resources are largely untapped. Central Asia is a sparsely populated region with limited local consumption of natural gas, so countries in the region wish to diversify their exports of energy. Therefore, the region has huge potential as an exporter of oil and gas. In addition, as a result of historical heritage and mechanisms such as Shanghai Cooperation Organization, China has forged close partnerships with Central Asian countries. The Chinese authorities believe that good relationships with these countries will bring itself the most stable and lasting supply of energy, at risks clearly lower than those associated with importing natural gas from Afghanistan, Pakistan and other countries in turmoil, and at costs significantly lower than those of importing liquefied natural gas (LNG) from countries such as Indonesia and Australia.