

6th Annual US-China Oil & Gas Industry Forum

Welcoming Remarks

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New Orleans, LA

June 28th, 2005

It is my distinct pleasure to welcome you all to the opening session of the Sixth US/China Oil and Gas Industry Forum here in New Orleans. I would especially like to extend a warm welcome to Minister Zhang and the Chinese delegation. We are so pleased that you could join us here for this important event.

This Forum was established in 1998 to promote exchanges between our two countries on oil and natural gas issues and to facilitate new opportunities for U.S. industry in the development of China's oil and gas industry. Our colleagues with the U.S. Department of Commerce and with China's National Development Reform Commission have co-hosted the Forum with us since 1998, and we are pleased to see everyone here today.

Relations between China and the United States have grown stronger through the previous successful Forums. The Fifth Forum in the summer of 2004 in Shanghai was very informative and very valuable to all involved. We look forward to building on the success of last year's meeting.

China is internationally recognized as a nation with significant economic growth and much of this growth is fueled by its energy industry with notable increases in oil and natural gas consumption. We know that oil is a global commodity and natural gas is approaching that same status. Both China and the United States are looking to international markets to fill energy supply gaps that cannot be met domestically. We share a common concern about ensuring secure and affordable supplies of oil and natural gas in each of our nations to power our economies.

During the program today and tomorrow, we will share our experiences and our expertise about developing and managing oil and gas resources. We will hear today from a panel on technology developments in the areas of unconventional oil & gas exploration & production, as well as discuss developments in the areas of upstream activities and coalbed methane.

Yesterday many of you had the opportunity to visit the Henry Hub which provides shippers access to pipelines that have markets in the Midwest, Northeast, Southeast and Gulf Coast regions of the United States. This afternoon we will address the natural gas markets in both the US & China and the role of LNG in meeting future supply needs. We will also look at the US & China's oil markets and their future development. We will finish out the day with a plenary on health, safety and environmental issues affecting the oil & gas industries. Tomorrow we will meet back here for a morning discussion on the responsibilities of government in these areas,

looking specifically at the role of regulation and role of markets in determining a balance in supply and demand. We will also explore opening up of China's Oil & Gas industry and their policies for oil reserves.

Through these topics we hope to achieve increased commercial cooperation. The U.S. oil and gas industry has always found the Forum to be an excellent way to exchange ideas on industry developments in both countries and on opportunities for investment in China. We look forward to lively and informative discussions today and tomorrow.

Now I would like to introduce the Deputy Secretary for the United States Department of Energy, Mr. Clay Sell.

(Deputy Secretary Sell speaks...)

Thank you Deputy Secretary Sell for being here today and sharing your thoughts on the important relationship between China and the United States.

Next we will hear from the Acting Deputy Secretary of the United States Department of Commerce, Mr. David Sampson.

(Acting Deputy Assistant Secretary Sampson speaks...)

Thank you. And now to our keynote address, please welcome Minister Zhang Guobao, Vice Chairman of the National Development and Reform Commission of the People's Republic of China.

(Minister Zhang speaks...)

This concludes our Opening Session. I look forward to an excellent program over the next two days.