PETROCHINA CO LTD
Form 20-F
May 26, 2009

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 20-F

(Mark One)

o **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934**

or

þ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2008.

or

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

or

o **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
Date of event requiring this shell company report _______
For the transition period from _______ to _______

Commission File Number 1-15006

(Exact name of Registrant as specified in its charter)
PetroChina Company Limited
(Translation of Registrant s name into English)

The People s Republic of China
(Jurisdiction of incorporation or organization)

9 Dongzhimen North Street
Dongcheng District, Beijing 100007
The People s Republic of China,

(Address of principal executive offices)

Li Huaiqi
Telephone number: 8610 59986223
Facsimile number: 8610 62099557
Email address: xwzou@petrochina.com.cn
Address: 9 Dongzhimen North Street, Dongcheng District Beijing, 100007 The People s Republic of China
(Name, telephone, e-mail and/or facsimile number and address of registrant s contact person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of Each Class	Name of Each Exchange on Which Registered
American Depositary Shares, each representing 100 H Shares, par value RMB1.00 per share*	New York Stock Exchange, Inc.
H Shares, par value RMB1.00 per share	New York Stock Exchange, Inc.**

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None
(Title of Class)

Indicate the number of outstanding shares of each of the issuer s classes of capital or common stock as of the close of the period covered by the annual report:

A Shares, par value RMB1.00 per share***	161,922,077,818(1)
H Shares, par value RMB1.00 per share	21,098,900,000****

(1): Includes 158,164,597,259 A Shares held by CNPC and 3,757,480,559 A Shares held by the public shareholders.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes þ No o
If this is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.
Yes o No þ

Note Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant(1) has filed all reports required to be filed by Section 13 or 15(d) or the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes þ No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes o No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act (Check one):

Large Accelerated Filer þ Accelerated Filer o Non-Accelerated Filer o

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

o U.S. GAAP þ International Financial Reporting Standards as issued by the International Accounting Standards Board o

If Other has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 o Item 18 o

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes o No þ

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes o No o

* PetroChina s H Shares are listed and traded on The Stock Exchange of Hong Kong Limited.

** Not for trading, but only in connection with the registration of American Depository Shares.

*** PetroChina s A Shares became listed on the Shanghai Stock Exchange on November 5, 2007.

**** Includes 1,850,628,100 H Shares represented by American Depositary Shares.

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CERTAIN TERMS AND CONVENTIONS

Conventions Which Apply to this Annual Report

Unless the context otherwise requires, references in this annual report to:

CNPC or CNPC group are to our parent, China National Petroleum Corporation and its affiliates and subsidiaries, excluding PetroChina, its subsidiaries and its interests in long-term investments, and where the context refers to any time prior to the establishment of CNPC, those entities and businesses which were contributed to CNPC upon its establishment.

PetroChina , we , our , our company and us are to:

PetroChina Company Limited, a joint stock company incorporated in the People s Republic of China with limited liability and its subsidiaries and branch companies, or

the CNPC group s domestic crude oil and natural gas exploration and production, refining and marketing, chemicals and natural gas businesses that were transferred to us in the restructuring of the CNPC group in 1999.

PRC or China is to the People s Republic of China, but does not apply to Hong Kong, Macau or Taiwan for purposes of this annual report.

We publish our consolidated financial statements in Renminbi or RMB. The audited consolidated financial statements included in this annual report have been prepared as if the operations and businesses transferred to us from CNPC were transferred as of the earliest period presented or from the date of establishment of the relevant unit, whichever is later, and conducted by us throughout the period. In this annual report, IFRS refers to International Financial Reporting Standards as issued by the International Accounting Standards Board.

Conversion Table

1 barrel-of-oil equivalent	= 1 barrel of crude oil	= 6,000 cubic feet of natural gas
1 cubic meter	= 35.315 cubic feet	
1 ton of crude oil	= 1 metric ton of crude oil	= 7.389 barrels of crude oil (assuming an API gravity of 34 degrees)

Certain Oil and Gas Terms

Unless the context indicates otherwise, the following terms have the meanings shown below:

acreage	The total area, expressed in acres, over which an entity has interests in exploration or production. Net acreage is the entity s interest, expressed in acres, in the relevant exploration or production area.
API gravity	

	An indication of the density of crude oil or other liquid hydrocarbons as measured by a system recommended by the American Petroleum Institute (API), measured in degrees. The lower the API gravity, the heavier the compound.
condensate	Light hydrocarbon substances produced with natural gas that condense into liquid at normal temperatures and pressures associated with surface production equipment.
crude oil	Crude oil, including condensate and natural gas liquids.
development cost	For a given period, costs incurred to obtain access to proved reserves and to provide facilities for extracting, treating, gathering and storing the oil and gas.

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finding cost	For a given period, costs incurred in identifying areas that may warrant examination and in examining specific areas that are considered to have prospects of containing oil and gas reserves, including costs of drilling exploratory wells and exploratory-type test wells. Finding cost is also known as exploration cost.
lifting cost	For a given period, costs incurred to operate and maintain wells and related equipment and facilities, including applicable operating costs of support equipment and facilities and other costs of operating and maintaining those wells and related equipment and facilities. Lifting cost is also known as production cost.
natural gas liquids	Hydrocarbons that can be extracted in liquid form together with natural gas production. Ethane and pentanes are the predominant components, with other heavier hydrocarbons also present in limited quantities.
offshore	Areas under water with a depth of five meters or greater.
onshore	Areas of land and areas under water with a depth of less than five meters.
primary distillation capacity	At a given point in time, the maximum volume of crude oil a refinery is able to process in its basic distilling units.
proved developed reserves	Reserves that can be expected to be recovered through existing wells with existing equipment and operating methods. Additional oil and gas expected to be obtained through the application of fluid injection or other improved recovery techniques for supplementing the natural forces and mechanisms of primary recovery are included as proved developed reserves only after testing by a pilot project or after the operation of an installed program has confirmed through production response that increased recovery will be achieved.
proved reserves	Estimated quantities of crude oil and natural gas which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions, i.e., prices and costs as of the date the estimate is made. Prices include consideration of changes in existing prices provided only by contractual arrangements, but not of escalations based upon future conditions.
proved undeveloped reserves	Reserves that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion. Reserves on undrilled acreage shall be limited to those drilling units offsetting productive units that are reasonably certain of production when drilled. Proved reserves for other undrilled units can be claimed only where it can be demonstrated with certainty that there is continuity of production from the existing productive formation. Under no circumstances should estimates for proved undeveloped reserves

be attributable to any acreage for which an application of fluid injection or other improved recovery technique is contemplated, unless such techniques have been proved effective by actual tests in the area and in the same reservoir.

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reserve-to-production ratio	For any given well, field or country, the ratio of proved reserves to annual production of crude oil or, with respect to natural gas, to wellhead production excluding flared gas.
sales gas	Marketable production of gas on an as sold basis, excluding flared gas, injected gas and gas consumed in operations.
water cut	For a given oil region, the percentage that water constitutes of all fluids extracted from all wells in that region.

References to:

BOE is to barrels-of-oil equivalent,

Mcf is to thousand cubic feet, and

Bcf is to billion cubic feet.

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FORWARD-LOOKING STATEMENTS

This annual report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities and Exchange Act of 1934, as amended. These forward-looking statements are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

the amounts and nature of future exploration, development and other capital expenditures;

future prices and demand for crude oil, natural gas, refined products and chemical products;

development projects;

exploration prospects;

reserves potential;

production of oil and gas and refined and chemical products;

development and drilling potential;

expansion and other development trends of the oil and gas industry;

the planned development of our natural gas operations;

the planned expansion of our refined product marketing network;

the planned expansion of our natural gas infrastructure;

the anticipated benefit from the acquisition of certain overseas assets from CNPC, our parent company;

the plan to continue to pursue attractive business opportunities outside China;

our future overall business development and economic performance;

our anticipated financial and operating information regarding, and the future development and economic performance of our business;

our anticipated market risk exposure arising from future changes in interest rates, foreign exchange rates and commodity prices; and

other prospects of our business and operations.

The words anticipate , believe , could , estimate , expect , intend , may , plan , seek , will and would expressions, as they related to us, are intended to identify a number of these forward-looking statements.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will occur in the future and are beyond our control. The forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. Actual results may differ materially from information contained in the forward-looking statements as a result of a number of factors, including, without limitation, the risk factors set forth in this annual report and the following:

- fluctuations in crude oil and natural gas prices;
- failure to achieve continued exploration success;
- failures or delays in achieving production from development projects;
- continued availability of capital and financing;
- acquisitions and other business opportunities that we may pursue;
- general economic, market and business conditions, including volatility in interest rates, changes in foreign exchange rates and volatility in commodity markets;

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liability for remedial actions under environmental regulations;

impact of the PRC s entry into the World Trade Organization;

the actions of competitors;

wars and acts of terrorism or sabotage;

changes in policies, laws or regulations of the PRC, including changes in applicable tax rates;

the other changes in global economic and political conditions affecting the production, supply and demand and pricing of crude oil, refined products, petrochemical products and natural gas; and

the other risk factors discussed in this annual report, and other factors beyond our control.

You should not place undue reliance on any forward-looking statement.

PART I

ITEM 1 *IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISORS*

Not applicable. However, see Item 6 Directors, Senior Management and Employees Directors, Senior Management and Supervisors.

ITEM 2 *OFFER STATISTICS AND EXPECTED TIMETABLE*

Not applicable.

ITEM 3 *KEY INFORMATION*

Exchange Rates

The following table sets forth the high and low noon buying rates between Renminbi and U.S. dollars for each month during the previous six months and the most recent practicable date:

	Noon Buying Rate[1]	
	High	Low
	(RMB per US$)	
November 2008	6.8373	6.8220
December 2008	6.8842	6,8225
January 2009	6.8403	6.8225
February 2009	6.8470	6.8241
March 2009	6.8438	6.8240
April 2009	6.8361	6.8180
May 2009 (ending as of May 15)	6.8248	6.8176

(1) For periods prior to January 1, 2009, the exchange rates reflect the noon buying rates as reported by the Federal Reserve Bank of New York. For periods after January 1, 2009, the exchange rates reflect the exchange rates as set forth in the H.10 statistical release of the Federal Reserve Board.

The following table sets forth the average noon buying rates between Renminbi and U.S. dollars for each of 2004, 2005, 2006, 2007 and 2008, calculated by averaging the noon buying rates on the last day of each month during the relevant year:

	Average Noon Buying Rate (RMB per US$)
2004	8.2768
2005	8.1826
2006	7.9579
2007	7.5806
2008	6.9193

Selected Financial Data

Historical Financial Information

You should read the selected historical financial data set forth below in conjunction with the consolidated financial statements of PetroChina and their notes and Item 5 Operating and Financial Review and Prospects included elsewhere in this annual report. The selected historical income statement and cash flow data for the years ended December 31, 2006, 2007 and 2008 and the selected historical balance sheet data as of December 31, 2007 and 2008 set forth below are derived from our audited consolidated financial statements included elsewhere in this annual report. The selected historical income statement data and cash flow data for the years ended December 31, 2004 and 2005 and the selected historical balance sheet data as of December 31, 2004, 2005 and 2006 set forth below are derived from our audited financial statements not included in this annual report. Our consolidated financial statements were prepared in accordance with IFRS as issued by the International Accounting Standards Board. The financial information included in this section may not necessarily reflect our results of operations, financial position and cash flows in the future.

	Year Ended December 31,[1]				
	2004 RMB	2005 RMB	2006 RMB	2007 RMB	2008 RMB
	(In millions, except for per share and per ADS data)				
Income Statement Data					
Revenues					
Sales and other operating revenues	397,812	553,350	690,512	836,353	1,071,146
Operating expenses					
Purchases, services and other	(113,428)	(198,729)	(269,301)	(369,219)	(562,122)
Employee compensation costs	(22,934)	(29,770)	(39,292)	(50,863)	(62,065)
Exploration expenses, including exploratory dry holes	(12,109)	(15,569)	(18,827)	(20,956)	(21,879)
Depreciation, depletion and amortization	(48,362)	(51,803)	(62,155)	(67,274)	(94,603)

Selling, general and administrative expenses	(28,357)	(36,634)	(43,402)	(52,257)	(59,457)
Employee separation costs and shutting down of manufacturing assets	(220)				
Taxes other than income taxes	(19,943)	(23,997)	(57,208)	(73,792)	(124,115)
Other (expenses)/incomes, net	(25)	(3,083)	(430)	(1,221)	12,395
Total operating expenses	(245,378)	(359,585)	(490,615)	(635,582)	(911,846)
Income from operations	152,434	193,765	199,897	200,771	159,300
Income from equity affiliates and jointly controlled entities	1,318	2,011	1,706	6,442	4,299
Exchange gain (loss), net	8	85	272	(751)	(1,081)

	Year Ended December 31,[1]				
	2004 RMB	2005 RMB	2006 RMB	2007 RMB	2008 RMB
	(In millions, except for per share and per ADS data)				
Interest income	1,373	2,036	2,148	2,099	2,274
Interest expense	(3,021)	(2,879)	(3,273)	(3,604)	(2,963)
Income before taxes	152,112	195,018	200,750	204,957	161,829
Income taxes	(44,004)	(54,913)	(50,602)	(49,781)	(35,178)
Income for the year	108,108	140,105	150,148	155,176	126,651
Attributable to:					
Shareholders	104,566	134,373	143,511	146,750	114,431
Minority interest	3,542	5,732	6,637	8,426	12,220
	108,108	140,105	150,148	155,176	126,651
Basic and diluted income for the year per share Attributable to shareholders[2]	0.59	0.76	0.80	0.82	0.63
Basic and diluted income for the year per ADS Attributable to shareholders[3]	59.47	76.02	80.16	81.66	62.52

	As of December 31,[1]				
	2004 RMB	2005 RMB	2006 RMB	2007 RMB	2008 RMB
	(In millions, except for per share and per ADS data)				
Balance Sheet Data					
Inventories	47,398	62,764	76,070	88,496	90,670
Cash and cash equivalents	13,590	82,887	50,746	68,652	32,944
Total current assets	124,275	178,592	165,498	235,549	224,473
Total non-current assets	519,366	605,132	713,043	832,131	969,701
Total current liabilities	131,459	155,992	181,125	199,222	264,337
Total non-current liabilities	67,028	81,412	75,244	86,358	82,711
Equity attributable to our shareholders	429,691	517,941	590,423	738,204	790,838
Equity attributable to minority interests	15,463	28,379	31,749	43,896	56,288
Total equity	445,154	546,320	622,172	782,100	847,126
Share capital	175,824	179,021	179,021	183,021	183,021

Year ended December 31,[1]

	2004 RMB	2005 RMB	2006 RMB	2007 RMB	2008 RMB
	(In millions, except for per share and per ADS data)				
Other Financial Data					
Dividend per share	0.26	0.34	0.36	0.36	0.28
Dividend per ADS	26.34	33.80	35.75	36.25	28.14
Capital expenditures	(99,568)	(125,542)	(149,245)	(182,387)	(232,214)
Cash Flow Data					
Net cash generated by operating activities	142,272	205,685	200,692	205,243	170,506
Net cash used for investing activities	(102,749)	(93,036)	(160,774)	(185,486)	(213,947)
Net cash generated by/used for financing activities	(38,819)	(42,591)	(71,643)	(1,630)	7,845

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(1) In 2008, we acquired a 100% equity interest in Sun World Limited, a company wholly owned by CNPC. As we and Sun World Limited are under the common control of CNPC, this acquisition has been reflected in our consolidated financial statements as a combination of entities under common control in a manner similar to a uniting of interests. Accordingly, the acquired assets and related liabilities have been accounted for at carryover predecessor values and our consolidated financial statements for periods prior to the combination have been restated to include the financial condition and results of operation of the acquired company as if our company and the acquired company had always been operated on a combined basis in these periods.

(2) The basic and diluted income per share for the year ended December 31, 2004 was calculated by dividing the income for the year attributable to our shareholders by the number of 175,824 million shares issued and outstanding for the year presented. The basic and diluted income per share for the year ended December 31, 2005 was calculated by dividing the income for the year attributable to our shareholders by the weighted average number of 176,770 million shares issued and outstanding for the year presented. The basic and diluted income per share for the year ended December 31, 2006 was calculated by dividing the income for the year attributable to our shareholders by the number of 179,021 million shares issued and outstanding for the year presented. The basic and diluted income per share for the year ended December 31, 2007 was calculated by dividing the income for the year attributable to our shareholders by the weighted average number of 179,700 million shares issued and outstanding for the year presented. The basic and diluted income per share for the year ended December 31, 2008 was calculated by dividing the income for the year attributable to our shareholders by the number of 183,021 million shares issued and outstanding for the year presented.

(3) The basic and diluted income per ADS for the year ended December 31, 2004 was calculated by dividing the income for the year attributable to our shareholders by the number of 175,824 million shares issued and outstanding for the year presented, each ADS representing 100 H Shares. The basic and diluted income per ADS for the year ended December 31, 2005 was calculated by dividing the income for the year attributable to our shareholders by the weighted average number of 176,770 million shares issued and outstanding for the year presented, each ADS representing 100 H Shares. The basic and diluted income per ADS for the year ended December 31, 2006 was calculated by dividing the income for the year attributable to our shareholders by the number of 179,021 million shares issued and outstanding for the year presented, each ADS representing 100 H Shares. The basic and diluted income per ADS for the year ended December 31, 2007 was calculated by dividing the income for the year attributable to our shareholders by the weighted average number of 179,700 million shares issued and outstanding for the year presented, each ADS representing 100 H Shares. The basic and diluted income per ADS for the year ended December 31, 2008 was calculated by dividing the income for the year attributable to our shareholders by the number of 183,021 million shares issued and outstanding for the year presented, each ADS representing 100 H Shares.

Risk Factors

Our business is primarily subject to various changing competitive, economic and social conditions in the PRC. Such changing conditions entail certain risks, which are described below.

The current global financial crisis and economic downturn have adversely affected economies and businesses around the world, including in China. Due to the global economical downturn and a decrease in consumer demand, the economic situation in China has been quite severe since the second half of 2008. This change in the macro-economic conditions has and is expected to continue to have an adverse impact on our business and operations. Oil and gas prices and margins are likely to remain lower than in recent times due to reduced demand. We have experienced pricing pressure on our refined products, which has an adverse effect on our profitability. These factors may also lead to intensified competition for market share and available margin, with consequential potential adverse effects on volumes. The financial and economic situation may have a negative impact on third parties with whom we do, or may do, business. Any of these factors may affect our results of operations, financial condition and liquidity.

Our operations are affected by the volatility of prices for crude oil and refined products. We and China Petroleum and Chemical Corporation, or Sinopec, set our crude oil median prices monthly based on the Singapore trading prices for crude oil. In 2006, the PRC government, under its macroeconomic controls, introduced a mechanism for determining domestic prices of refined products. On December 18, 2008, the PRC government further modified this mechanism by linking the domestic prices of refined oil products to a number of factors, including international market prices, average domestic processing cost, tax, selling expenses and appropriate profit margin. Historically, international prices for crude oil and refined products have fluctuated widely in response to changes in many factors, such as global and regional economic and political developments, and global and regional supply and demand for crude oil and refined products. We do not have, and will not have, control over the factors affecting international prices for crude oil and refined products. A decline in crude oil prices will reduce our crude oil revenues derived from external customers. If crude oil prices remain at a low level for a prolonged period, our company has to determine and estimate whether our oil and gas assets may suffer impairment losses and, if so, the amount of the impairment losses. An increase in crude oil prices may, however, increase the production costs of refined products. In addition, a decline in refined products prices will reduce our revenue derived from refining operations. An increase in the refined products prices, however, will increase the production costs of chemical products which use refined products as raw materials.

The crude oil and natural gas reserve data in this annual report are only estimates. The reliability of reserve estimates depends on a number of factors, assumptions and variables, such as the quality and quantity of our technical and economic data and the prevailing oil and gas prices applicable to our production, some of which are beyond our control and may prove to be incorrect over time. Results of drilling, testing and production after the date of the estimates may require substantial upward or downward revisions in our reserve data. Our actual production, revenues and expenditures with respect to our reserves may differ materially from these estimates because of these revisions.

Our proved crude oil reserves decreased gradually and modestly from 2001 to 2003 because the decrease in the crude oil reserves in our Daqing and Liaohe oil regions could not be offset by the increase in the crude oil reserves in our oil regions in northwestern China, such as the Xinjiang oil region, the Changqing oil and gas region and the Tarim oil region. Our proved crude oil reserves increased slightly in 2004, 2005, 2006 and 2007 compared to prior years. Our proved crude oil reserves slightly decreased in China in 2008 as a result of the lower oil price in 2008. We are actively pursuing business opportunities outside China to supplement our domestic resources. For instance, we acquired certain overseas crude oil and natural gas assets from CNPC. We cannot assure you, however, that we can successfully locate sufficient alternative sources of crude oil supply or at all due to the complexity of the international political, economic and other conditions. If we fail to obtain sufficient alternative sources of crude oil supply, our results of operations and financial condition may be materially and adversely affected.

The oil, gas and petrochemicals industries are highly competitive. There is strong competition, both within the oil and gas industry and with other industries, in supplying the fuel needs of commerce, industry and the home. Competition puts pressure on product prices, affects oil products marketing and requires continuous management focus on reducing unit costs and improving efficiency. The implementation of our growth strategy requires continued technological advances and innovation, including advances in exploration, production, refining, petrochemicals manufacturing technology and advances in technology related to energy usage. Our performance could be impeded if competitors developed or acquired intellectual property rights to technology that we required or if our innovation lagged the industry.

Exploring for, producing and transporting crude oil and natural gas and producing and transporting refined products and chemical products involve many hazards. These hazards may result in:

- fires;
- explosions;
- spills;
- blow-outs; and

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other unexpected or dangerous conditions causing personal injuries or death, property damage, environmental damage and interruption of operations.

Some of our oil and natural gas fields are surrounded by residential areas or located in areas where natural disasters, such as earthquakes, floods and sandstorms, tend to occur more frequently than in other areas. As with many other companies around the world that conduct similar businesses, we have experienced accidents that have caused property damage and personal injuries and death.

Significant operating hazards and natural disasters may cause partial interruptions to our operations and property and environmental damage that could have an adverse impact on our financial condition.

Except for limited insurance coverage for vehicles and certain assets that we consider to be subject to significant operating risks, we do not carry any other insurance for our property, facilities or equipment in respect of our business operations. We do not currently carry any third party liability insurance against claims relating to personal injury or death, property or environmental damage arising from accidents on our property or relating to our operations. We also do not currently carry any business interruption insurance. The limited insurance coverage of our assets exposes us to substantial risks and will not cover most losses.

As of December 31, 2008, CNPC beneficially owned approximately 86.71% of our share capital. This ownership percentage enables CNPC to elect our entire board of directors without the concurrence of any of our other shareholders. Accordingly, CNPC is in a position to:

control our policies, management and affairs;

subject to applicable PRC laws and regulations and provisions of our articles of association, affect the timing and amount of dividend payments and adopt amendments to certain of the provisions of our articles of association; and

otherwise determine the outcome of most corporate actions and, subject to the requirements of the Listing Rules of the Hong Kong Stock Exchange, cause our company to effect corporate transactions without the approval of minority shareholders.

CNPC s interests may sometimes conflict with those of some or all of our minority shareholders. We cannot assure you that CNPC, as controlling shareholder, will always vote its shares in a way that benefits our minority shareholders.

In addition to its relationship with us as our controlling shareholder, CNPC by itself or through its affiliates also provides us with certain services and products necessary for our business activities, such as construction and technical services, production services and supply of material services. The interests of CNPC and its affiliates as providers of these services and products to us may conflict with our interests. Although we have entered into a Comprehensive Products and Services Agreement with CNPC and our transactions with CNPC over the past three years have been conducted on open, fair and competitive commercial terms, we have only limited leverage in negotiating with CNPC and its affiliates over the specific terms of the agreements for the future provision of these services and products.

The eastern and southern regions of China have a higher demand for refined products and chemical products than the western and northern regions. Most of our refineries and chemical plants are located in the western and northern regions of China. We incur relatively higher transportation costs for delivery of our refined products and chemical products to certain areas of the eastern and southern regions from our refineries and chemical plants in western and northern China. While we continue to expand the sales of these products in the eastern and southern regions of China, we face strong competition from Sinopec and China National Offshore Oil Corp, or CNOOC. As a result, we expect that we will continue to encounter difficulty in increasing our sales of refined products and chemical products in these regions.

We are currently constructing new, and expanding some existing, refinery and petrochemical facilities and constructing several natural gas pipelines, which could require substantial capital expenditures and investments. We cannot assure you that the cash generated by our operations will be sufficient to fund these development plans or that our actual future capital expenditures and investments will not significantly exceed our current planned amounts. If either of these conditions arise, we may have to seek external financing to satisfy our capital needs. Under such circumstance, our inability to obtain sufficient funding for our development plans could adversely affect our business, financial condition and results of operations.

Compliance with changes in laws, regulations and obligations relating to climate change or environmental protection could result in substantial capital expenditure, reduced profitability from changes in operating costs, and revenue generation and strategic growth opportunities being impacted.

We are also subject to a number of risks relating to the PRC and the PRC oil and gas industry. These risks are described as follows:

Our operations, like those of other PRC oil and gas companies, are subject to extensive regulations and control by the PRC government. These regulations and control affect many material aspects of our operations, such as exploration and production licensing, industry-specific and product-specific taxes and fees and environmental and safety standards. As a result, we may face significant constraints on our ability to implement our business strategies, to develop or expand our business operations or to maximize our profitability. Our business may also be adversely affected by future changes in certain policies of the PRC government with respect to the oil and gas industry. For example, since March 26, 2006, we have been subject to a crude oil special gain levy imposed by the PRC government. As a result, we paid a special levy of RMB 28,988 million, RMB 44,662 million and RMB 85,291 million in 2006, 2007 and 2008, respectively, to the PRC government in relation to our domestic sales of crude oil.

Currently, the PRC government must approve the construction and major renovation of significant refining and petrochemical facilities as well as the construction of significant natural gas and refined product pipelines and storage facilities. We presently have several significant projects pending approval from the relevant government authorities and will need approvals from the relevant government authorities in connection with several other significant projects. We do not have control over the timing and outcome of the final project approvals.

We receive most of our revenues in Renminbi. A portion of our Renminbi revenues must be converted into other currencies to meet our foreign currency obligations. The existing foreign exchange limitations under the PRC laws and regulations could affect our ability to obtain foreign exchange through debt financing, or to obtain foreign exchange for capital expenditures.

Prior to 2005, our company performed capping or plugging of wellheads and surface facilities that could be salvaged for alternative use. For safety reasons, our company also performed capping or plugging of certain wells that were considered to be in areas with extensive human use at the time of the abandonment. Our company, however, did not perform capping or plugging of wells that were neither considered to be in areas with extensive human use nor could be salvaged for alternative use. Consequently, such wellheads and surface facilities were left at their original sites after the wells were retired.

The Environmental Protection Regulation for Oil and Gas Exploration and Production Activities in Heilongjiang Province and *The Environmental Protection Regulation for Oil and Gas Exploration and Production Activities in Gansu Province* were issued in mid and late 2005, respectively. Based on our reading of these provincial regulations and in consultation with the environmental administrative authorities in Heilongjiang and Gansu provinces, we believe that such regulations only apply to the oil and gas properties retired after these regulations were issued in 2005. Accordingly, our company established standard abandonment procedures, requesting that all of our branch and subsidiary companies recognize asset retirement provisions for their currently used oil and gas properties.

Our company believes we had no obligation to adopt such abandonment procedures prior to the issuance of the new regulations in 2005. As to the oil and gas properties that were retired prior to the issuance of such regulations, the activities required to retire these assets have not been performed to the level that would be in compliance with the regulations and our internal policy. The costs associated with these activities have not been included in the asset retirement obligations accrued during 2005. However, Heilongjiang Province and Gansu Province could enact new regulations, amend the current regulations or retroactively apply the relevant requirements. If any of these regulations is determined to be applicable to assets other than those that were retired subsequent to the dates that these regulations were issued in 2005, we could be required to incur substantial costs associated with such asset retirement obligations. In addition, we cannot assure you that the provincial governments other than Heilongjiang Province and Gansu Province will not enact new regulations which will require our company to perform additional asset retirement activities related to the assets retired before the establishment of our company s internal policy and areas in which these assets were or continue to be located.

Because PRC laws, regulations and legal requirements dealing with economic matters are relatively new and continue to evolve, and because of the limited volume of published judicial interpretations and the non-binding nature of prior court decisions, the interpretation and enforcement of these laws, regulations and legal requirements involve some uncertainty. We have included the Mandatory Provisions and certain additional requirements that are imposed by the Hong Kong Stock Exchange Listing Rules in our Articles of Association for the purpose of reducing the scope of difference between the Hong Kong Company Law and the PRC Company Law. However, because the PRC Company Law is different in certain important aspects from company laws in the United States, Hong Kong and other common law jurisdictions, and because the PRC securities laws and regulations are still at an early stage of development, you may not enjoy shareholders protections that you may be entitled to in other jurisdictions.

In addition to the adverse effect on our revenues, margins and profitability from any future fall in oil and natural gas prices, a prolonged period of low prices or other indicators would lead to a review for impairment of our oil and natural gas properties. This review would reflect management s view of long-term oil and natural gas prices. Such a review could result in a charge for impairment which could have a significant effect on our results of operations in the period in which it occurs.

The United States Securities and Exchange Commission, or the SEC, as required by Section 404 of the Sarbanes-Oxley Act of 2002, adopted rules requiring every public company in the United States to include a management report on such company s internal control over financial reporting in its annual report, which contains management s assessment of the effectiveness of the company s internal control over financial reporting. Although our management concluded that our internal control over our financial reporting for the fiscal year ended December 31, 2008 was effective, we may discover other deficiencies in the course of our future evaluation of our internal control over our financial reporting and may be unable to remediate such deficiencies in a timely manner. If we fail to maintain the adequacy of our internal control over financial reporting, we may not be able to conclude that we have effective internal control over financial reporting on an ongoing basis, in accordance with the Sarbanes-Oxley Act. Moreover, effective internal control is necessary for us to produce reliable financial reports and is important to prevent fraud. As a result, our failure to achieve and maintain effective internal control over financial reporting could result in the loss of investor confidence in the reliability of our financial statements, which in turn could harm our business and negatively impact the trading prices of our ADSs, H Shares or A Shares.

See also Item 4 Information on the Company Regulatory Matters , Item 5 Operating and Financial Review and Prospects , Item 8 Financial Information and Item 11 Quantitative and Qualitative Disclosures About Market Risk .

ITEM 4 *INFORMATION ON THE COMPANY*

Introduction

History and Development of the Company

Overview of Our Operations

We are one of the largest companies in China in terms of sales. We are engaged in a broad range of petroleum and natural gas related activities, including:

- the exploration, development, production and sale of crude oil and natural gas;

- the refining, transportation, storage and marketing of crude oil and petroleum products;

the production and marketing of basic petrochemical products, derivative chemical products and other chemical products; and

the transmission and storage of crude oil, refined products and natural gas as well as the sale of natural gas.

We are China s largest producer of crude oil and natural gas. Currently, substantially all of our crude oil and natural gas reserves and production-related assets are located in China. In the year ended December 31, 2008, we had total revenues of RMB 1,071,146 million and income for the year attributable to our shareholders of RMB 114,431 million.

Our exploration, development and production activities commenced in the early 1950s, when we conducted exploration activities in the Yumen oil region in northwestern China. The discovery of crude oil in 1959 in northeastern China s Daqing oil region, one of the world s largest oil regions in terms of proved crude oil reserves, marked the beginning of our large-scale upstream activities. Over more than four decades, we have conducted crude oil and natural gas exploration activities in many regions of China. As of December 31, 2008, we had estimated proved reserves of approximately 11,221.3 million barrels of crude oil and approximately 61,189.2 billion cubic feet of natural gas. We believe that we hold production licenses for a majority of China s proved crude oil reserves and proved natural gas reserves. In the year ended December 31, 2008, we produced 870.7 million barrels of crude oil and 1,864.2 billion cubic feet of natural gas for sale, representing an average production of 2.38 million barrels of crude oil and 5.09 billion cubic feet of natural gas for sale per day. A substantial majority of the crude oil we sold in the year ended December 31, 2008 was supplied to our refineries.

We commenced limited refining activities in the mid-1950s, when we began producing gasoline and diesel at refineries in the Yumen oil region. We now operate 26 refineries located in eight provinces, four autonomous regions and one municipality. In 2008, our refineries processed approximately 849.8 million barrels of crude oil or an average of 2.3 million barrels per day. In the year ended December 31, 2008, we produced approximately 73.97 million tons of gasoline, diesel and kerosene and sold approximately 90.95 million tons of these products. In the year ended December 31, 2008, approximately 77.1% of the crude oil processed in our refineries was provided by our exploration and production segment and approximately 20.3% of the crude oil processed in our refineries was imported. As of December 31, 2008, our retail distribution network consisted of 16,725 service stations that we own and operate and 731 franchise service stations.

Our chemicals operations commenced in the early 1950s, when we began producing urea at our first petrochemical plant in Lanzhou in northwestern China. In the early 1960s, we began producing ethylene. We currently produce and sell a wide range of basic and derivative petrochemical products and other chemical products through 13 chemical plants and four chemical products sales companies located in six provinces, three autonomous regions and two municipalities under the direct administration of the central government in China. Our other segments supply substantially all of the hydrocarbon feedstock requirements of our chemicals operations.

We are China s largest natural gas transporter and seller in terms of sales volume. Our natural gas transmission and marketing activities commenced in Sichuan in southwestern China in the 1950s. In 2008, our sales of natural gas totaled 1,916.6 billion cubic feet, of which 1,718.5 billion cubic feet was sold through our natural gas and pipeline segment. As of December 31, 2008, we owned and operated regional natural gas pipeline networks consisting of 24,037 kilometers of pipelines, of which 21,304 kilometers were operated by our natural gas and pipeline segment. As of December 31, 2008, we owned and operated a crude oil pipeline network consisting of 11,028 kilometers of pipelines with an average daily throughput of approximately 3.12 million barrels of crude oil. As of December 31, 2008, we also had a refined product pipeline network consisting of 2,656 kilometers of pipelines with an average daily throughput of approximately 37,126 tons of refined products.

We have increased our efforts to pursue attractive business opportunities outside China as part of our business growth strategy to utilize both domestic and international resources to strengthen our competitiveness. Since 2005, we have acquired interests in various oil and natural gas assets in twelve countries, including, among others, Kazakhstan, Venezuela and Peru, which significantly expanded our overseas operations and effectively increased our oil and gas reserves and production volumes. We are currently assessing the feasibility of making further investments in international oil and gas markets.

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In the year ended December 31, 2008, we imported approximately 281.1 million barrels of crude oil, as compared to 272.3 and 228.8 million barrels of crude oil in the years ended December 31, 2007 and 2006, respectively.

Acquisitions

On April 28, 2008, we entered into an acquisition agreement with CNPC, pursuant to which we agreed to acquire the Northeastern Inspection, Maintenance and Repair Business Division of CNPC. Upon completion of the acquisition, we paid consideration of approximately RMB 43.8 million to CNPC, representing the value of the net assets of the Northeastern Inspection, Maintenance and Repair Business Division as at September 30, 2007. The parties also adjusted the consideration by reference to the net assets generated by the acquired operations for the period from October 1, 2007 to the completion date as shown in the management accounts. As of the end of the reporting period, the transaction has been completed.

On June 10, 2008, we entered into an acquisition agreement with CNPC, pursuant to which we agreed to acquire the refined products sales assets and business from CNPC. Upon completion of the acquisition, we will pay consideration of approximately RMB1,004.5 million to CNPC, representing the value of the net assets of the acquired business as at the valuation date. The parties will also adjust the consideration by reference to the net assets generated by the refined products sales assets and business for the period from the valuation date to the completion date as shown in the management accounts. As of the end of the reporting period, the transaction has not yet been completed.

On August 27, 2008, our company, CNPC and China Petroleum Hong Kong (Holding) Limited, or HK Subsidiary, a wholly-owned subsidiary of CNPC, entered into a sale and purchase agreement, pursuant to which we agreed to purchase or procure the purchase of, and CNPC has agreed to sell (through HK Subsidiary) or procure the sale of, a 100% interest in Sun World Limited indirectly held by CNPC through HK Subsidiary. Sun World Limited directly holds 2,513,917,342 shares in CNPC (Hong Kong) Limited, or CNPC (HK), representing approximately 51.89% of the issued share capital of CNPC (HK) (calculated on the basis of the total number of shares of CNPC (HK) as at the same date). We agreed to pay consideration of approximately HK$ 7,592.0 million. The above transaction was completed on December 18, 2008, when CNPC transferred to us approximately 56.66% of the issued share capital of CNPC (HK) (calculated on the basis of the total number of shares of CNPC (HK) as at the same date).

On November 19, 2008, six branch companies of our company and six subsidiaries of CNPC entered into acquisition agreements, pursuant to which we acquired the assets relating to the risk operation service business from these six enterprises. Upon completion of the acquisition, we paid consideration of approximately RMB 5,306.3 million to the six enterprises. The parties also adjusted the consideration by reference to the change in assets of the risk operation service business for the period from the date of valuation to the completion date on a dollar-for-dollar basis. As of the end of the reporting period, the transaction has been completed.

On May 15, 2009, PetroChina Kunlun Gas Limited, a wholly owned subsidiary of our company, and China Huayou Group Corporation and China Petroleum Pipeline Bureau, each a wholly owned entity of CNPC, entered into acquisition agreements pursuant to which PetroChina Kunlun Gas Limited agreed to acquire certain city gas business owned by the sellers in more than 10 provinces, municipalities and autonomous regions in the PRC. The targets of the acquisitions include the equity interests in eight companies held by China Huayou Group Corporation and China Petroleum Pipeline Bureau and relevant assets owned by China Huayou Group Corporation. Upon the completion of the acquisitions, Petrochina Kunlun Gas Limited will pay consideration of approximately RMB 1.1 billion to China Huayou Group Corporation and China Petroleum Pipeline Bureau. The transaction is to be completed on or before December 31, 2009.

Our Corporate Organization and Shareholding Structure

We were established as a joint stock company with limited liability under the Company Law of the PRC on November 5, 1999 as part of a restructuring in which CNPC transferred to us most of the assets and liabilities of CNPC relating to its exploration and production, refining and marketing, chemicals and natural gas businesses. CNPC retained the assets and liabilities relating to its remaining businesses and operations, including assets and

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liabilities relating to international exploration and production and refining and pipeline operations. CNPC is our primary provider of a wide range of services and products. On April 7, 2000, we completed a global offering of H Shares and ADSs. In September 2005, PetroChina completed a follow-on offering of over 3 billion H Shares at the price of HK$ 6.00 per share. In October 2007, we issued 4 billion A Shares at an issue price of RMB 16.7 per share. The A Shares were listed on the Shanghai Stock Exchange on November 5, 2007. During 2008, CNPC increased its holding of our A shares by 242,519,441 shares via secondary market. As of May 12, 2009, CNPC beneficially owned 158,691,001,259 shares, which include 526,404,000 H shares indirectly held by CNPC through Fairy King Investments Limited, an overseas wholly-owned subsidiary of CNPC, representing approximately 86.71% of the share capital of PetroChina.

The following chart illustrates our corporate organization structure as of December 31, 2008:

(1) Indicates approximate shareholding.

(2) Indicates approximate shareholding, including the 526,404,000 H shares indirectly held by CNPC through Fairy King Investments Limited, an overseas wholly-owned subsidiary of CNPC, as of May 12, 2009.

(3) Includes subsidiary companies and those branches without legal person status.

(4) Represents enterprises directly administered and operated by such segment.

(5) Includes PetroChina Planning & Engineering Institute, PetroChina Exploration & Development Research Institute, CNPC E&D, PetroChina Foreign Cooperation Administration Department, IT Service Center, PetroChina International Co., Ltd., and Petrochemical Research Institute.

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The following chart illustrates our management structure:

(1) Includes subsidiary companies and those branches without legal person status.

(2) Represents enterprises directly administered and operated by such segment.

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For a description of our principal subsidiaries, see Note 35 to our consolidated financial statements.

General Information

Our legal name is , and its English translation is PetroChina Company Limited. Our headquarters are located at 9 Dongzhimen North Street, Dongcheng District, Beijing, China, 100007, and our telephone number at this address is (86-10) 5998-6223. Our website address is www.petrochina.com.cn. The information on our website is not part of this annual report.

Our agent for service of process in the United States is CT Corporation System, located at 111 Eighth Avenue, New York, New York 10011.

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Exploration and Production

We are engaged in crude oil and natural gas exploration, development and production. Substantially all of our total estimated proved crude oil and natural gas reserves are located in China, principally in northeastern, northern, southwestern and northwestern China. The Songliao basin, located in Heilongjiang and Jilin provinces in northeastern China, including the Daqing and Jilin oil regions, accounted for 38.9% of our proved crude oil reserves as of December 31, 2008 and 39.3% of our crude oil production in 2008. We also have significant crude oil reserves and operations in the area around the Bohai Bay. The Bohai Bay basin includes the Liaohe, Dagang, Huabei and Jidong oil regions and accounted for 19.8% of our proved crude oil reserves as of December 31, 2008 and 19.5% of our crude oil production in 2008. Our proved natural gas reserves and production are generally concentrated in northwestern and southwestern China, specifically in the Erdos, Tarim and Sichuan basins. Our overseas proved crude oil reserves and proved natural gas reserves accounted for 5.7% of our proved crude oil reserves and 1.5% of our proved natural gas reserves as of December 31, 2008 and our overseas oil production and natural gas production accounted for 9.1% of our crude oil production and 3.9% of our natural gas production in 2008.

We currently hold exploration licenses covering a total area of approximately 446.4 million acres and production licenses covering a total area of approximately 16.4 million acres. In 2008, our exploration and production segment had income from operations of RMB240,198 million.

To further develop our crude oil and natural gas businesses, we have applied to the Ministry of Land and Resources for oil and gas exploration and production licenses covering the southern part of the South China Sea to commence offshore crude oil and natural gas exploration and production. We cannot assure you that we will ultimately obtain these licenses or that we will have sufficient capital to fund these activities.

Reserves

Our estimated proved reserves as of December 31, 2008 totaled approximately 11,221.3 million barrels of crude oil and approximately 61,189.2 billion cubic feet of natural gas. As of December 31, 2008, proved developed reserves accounted for 74.2% and 43.6% of our total proved crude oil and natural gas reserves, respectively. Total proved hydrocarbon reserves on a barrels-of-oil equivalent basis increased by 0.92% from approximately 21,223.9 million barrels-of-oil equivalent as of December 31, 2007 to approximately 21,419.5 million barrels-of-oil equivalent as of December 31, 2008, taking account of our overseas crude oil reserves of 645.2 million barrels and overseas natural gas reserves of 942.6 billion cubic feet, totaling 802.3 million barrels-of-oil equivalent. Natural gas as a percentage of total proved hydrocarbon reserves increased from 44.8% as of December 31, 2007 to 47.6% as of December 31, 2008.

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The following table sets forth our estimated proved reserves (including proved developed reserves and proved undeveloped reserves) and proved developed reserves of crude oil and natural gas as of December 31, 2006, 2007 and 2008. We prepared our reserve estimates as of December 31, 2006, 2007 and 2008, on the basis of reports prepared by DeGolyer & MacNaughton and Gaffney, Cline & Associates, independent engineering consultants, in accordance with Statement of Financial Accounting Standards No. 69, or SFAS No. 69. Our reserve estimates include only crude oil and natural gas which we believe can be reasonably produced within the current terms of our production licenses. See Regulatory Matters Exploration Licenses and Production Licenses for a discussion of our production licenses. Also see Item 3 Key Information Risk Factors for a discussion of the uncertainty inherent in the estimation of proved reserves.

	Crude Oil (Millions of barrels)	Natural Gas[(1)] (Bcf)	Combined[(1)] (BOE, in millions)
Proved developed and undeveloped reserves			
Reserves as of December 31, 2006	11,618.0	53,469.2	20,529.4
Revisions of previous estimates	83.7	(1,063.0)	(93.4)
Extensions and discoveries	763.9	6,331.4	1,819.1
Improved recovery	78.8	0	78.8
Production for the year	(838.8)	(1,627.0)	(1,110.0)
Reserves as of December 31, 2007	11,705.6	57,110.6	21,223.9
Revisions of previous estimates	(574.0)	(636.3)	(680.0)
Extensions and discoveries	885.4	6,579.0	1,982.0
Improved recovery	75.0	0	75.0
Production for the year	(870.7)	(1,864.1)	(1,181.4)
Reserves as of December 31, 2008	11,221.3	61,189.2	21,419.5
Proved developed reserves			
As of December 31, 2006	9,185.2	22,563.9	12,945.8
As of December 31, 2007	9,047.1	26,047.1	13,388.3
As of December 31, 2008	8,324.1	26,666.8	12,768.6

(1) Represents natural gas remaining after field separation for condensate removal and reduction for flared gas.

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The following tables set forth our crude oil and natural gas proved reserves and proved developed reserves by region as of December 31, 2006, 2007 and 2008.

	As of December 31,					
	2006		2007		2008	
	Proved Developed and Undeveloped	Proved Developed	Proved Developed and Undeveloped	Proved Developed	Proved Developed and Undeveloped	Proved Developed
	(Millions of barrels)					
Crude oil reserves						
Daqing	4,200.3	3,516.0	3,856.1	3,324.3	3,548.0	2,912.0
Liaohe	1,067.5	845.8	1,121.0	888.1	895.9	675.2
Xinjiang	1,306.6	1,077.0	1,354.9	1,198.9	1,302.6	1,106.6
Changqing	1,450.6	1,182.9	1,488.9	1,194.8	1,624.5	1,256.7
Jilin	775.5	501.8	784.2	463.4	819.8	441.0
Dagang	482.1	400.0	523.2	346.7	520.8	352.7
Tarim	523.9	370.4	590.3	379.7	594.0	371.3
Huabei	500.9	388.4	448.0	307.0	431.5	281.8
Qinghai	227.9	187.2	200.1	186.3	177.8	157.5
Tuha	156.5	104.9	164.7	91.7	162.3	97.8
Sichuan	11.7	5.4	9.5	4.4	13.1	3.6
Jidong	180.4	98.3	413.1	126.0	379.2	133.5
Other regions(1)	734.1	507.1	751.5	535.8	751.8	534.4
Total	11,618.0	9,185.2	11,705.6	9,047.1	11,221.3	8,324.1

	As of December 31,					
	2006		2007		2008	
	Proved Developed and Undeveloped	Proved Developed	Proved Developed and Undeveloped	Proved Developed	Proved Developed and Undeveloped	Proved Developed
	(Bcf)					
Natural gas reserves(2)						
Sichuan	10,362.8	4,867.3	10,400.5	4,365.5	11,285.4	4,030.4
Changqing	17,846.1	4,559.7	19,105.0	6,943.9	19,261.7	6,901.6
Xinjiang	1,723.0	1,047.0	1,537.1	999.3	4,061.8	2,028.7
Daqing	1,894.6	740.2	3,039.7	1,046.2	2,961.1	960.6
Qinghai	4,467.0	1,584.0	4,352.8	3,003.5	4,302.1	2,948.4
Tarim	14,443.6	7,818.4	15,114.3	7,918.8	15,516.4	7,722.7
Liaohe	429.3	338.8	386.4	296.2	283.2	193.6

Tuha	640.5	401.8	581.6	350.4	609.4	382.3
Huabei	340.3	264.6	193.1	119.2	207.8	133.7
Dagang	275.0	189.7	347.4	197.1	289.7	148.9
Jilin	198.6	113.7	1,169.9	104.1	1,180.5	113.4
Jidong	52.7	31.5	191.4	40.4	203.3	96.7
Other regions(1)	795.7	607.2	691.4	662.5	1,026.8	1,005.8
Total	53,469.2	22,563.9	57,110.6	26,047.1	61,189.2	26,666.8

(1) Represents Yumen oil regions, oil regions under our subsidiaries in southern China, other smaller oil regions in China and our overseas oil and gas fields as a result of our acquisition of overseas assets.

(2) Represents natural gas remaining after field separation for condensate removal and reduction for flared gas.

Exploration and Development

We are currently conducting exploration and development efforts in 12 provinces, two municipalities under the direct administration of the central government and three autonomous regions in China. We believe that we have more extensive experience in the exploration and development of crude oil and natural gas than any of our principal competitors in China. Since the early 1950s, we have been working on developing exploration and recovery technologies and methods tailored to the specific geological conditions in China.

The following table sets forth the number of wells we drilled, or in which we participated, and the results thereof, for the periods indicated.

Year		Daqing	Xinjiang	Liaohe	Changqing	Huabei	Dagang	Sichuan	Others(1)	Total
2006	**Net exploratory wells drilled**(2)	250	180	64	466	83	50	62	390	1,545
	Crude oil	73	88	35	203	49	21		114	583
	Natural gas	7	21	1	37		7	31	6	110
	Dry(3)	170	71	28	226	34	22	31	270	852
	Net development wells drilled(2)	4,183	1,605	713	2,023	330	179	57	2,361	11,451
	Crude oil	4,160	1,586	688	1,772	225	173	9	2,235	10,848
	Natural gas	23	8	14	216	105	6	40	123	535
	Dry(3)	0	11	11	35	0	0	8	3	68
2007	**Net exploratory wells drilled**(2)	294	183	68	447	104	70	48	415	1,629
	Crude oil	103	103	49	186	47	59	3	141	691
	Natural gas	12	15		41			30	16	114
	Dry(3)	179	65	19	220	57	11	15	258	824
	Net development wells drilled(2)	4,670	1,350	529	3,087	528	260	83	2,377	12,884
	Crude oil	4,643	1,346	515	2,652	259	252	8	2,208	11,883
	Natural gas	17	4	11	384	269	8	75	163	931
	Dry(3)	10		3	51				6	70
2008	**Net exploratory wells drilled**(2)	234	162	63	583	94	91	67	354	1,648
	Crude oil	71	72	38	207	42	69	2	136	637
	Natural gas	1	15	0	26	0	0	38	12	92
	Dry(3)	162	75	25	350	52	22	27	206	919
	Net development wells drilled(2)	4,238	1,887	356	5,079	415	238	100	2,887	15,200
	Crude oil	4,223	1,868	349	4,469	225	226	2	2,685	14,047

Natural gas	4	18	6	528	186	8	77	179	1,006
Dry[3]	11	1	1	82	4	4	21	23	147

(1) Represents the Jilin, Tarim, Tuha, Qinghai, Jidong, Yumen and other oil regions.

(2) Net wells refer to the wells after deducting interests of others. No third parties own any interests in any of our wells.

(3) Dry wells are wells with insufficient reserves to sustain commercial production.

Oil-and-Gas Properties

The following table sets forth our interests in developed and undeveloped acreage by oil region and in productive crude oil and natural gas wells as of December 31, 2008.

	Productive Wells[1]		Acreage[1] Developed		Undeveloped	
Oil Region	**Crude Oil**	**Natural Gas**	**Crude Oil**	**Natural Gas**	**Crude Oil**	**Natural Gas**
			(Thousands of acres)			
Daqing	76,882	221	822.7	85.3	797.1	112.6
Liaohe	21,534	606	192.1	35.8	88.5	6.5
Xinjiang	25,049	140	301.2	49.0	156.8	30.2
Jilin	26,040	164	298.5	30.1	321.3	20.9
Changqing	26,848	2,957	539.1	2,193.0	335.8	1,887.5
Huabei	7,627	105	141.2	12.3	57.7	2.9
Dagang	5,133	65	106.9	24.5	64.3	21.4
Tuha	2,577	100	47.0	23.6	28.9	8.3
Tarim	1,251	210	107.0	72.0	61.7	202.2
Sichuan	432	1,498	335.5	382.8		402.8
Other regions[2]	6,380	397	71.2	32.5	45.7	25.1
Total	199,753	6,463	2,926.4	2,940.9	1,957.8	2,720.4

(1) Includes all wells and acreage in which we have an interest. No third parties own any interests in any of our wells or acreage.

(2) Represents the Qinghai, Jidong, Yumen, Zhejiang and other oil regions.

Approximately 65.7% of our proved crude oil reserves are concentrated in the Daqing, Liaohe and Xinjiang oil regions and the Changqing oil and gas region, and approximately 82.3% of our proved natural gas reserves are concentrated in the Changqing oil and gas region, the Tarim oil region, the Sichuan gas region and the Qinghai oil region. We believe that the Erdos, Junggar, and Songliao basins and Bohai Bay have the highest potential for increasing our crude oil reserve base through future exploration and development, and that the Erdos, Tarim, Sichuan, and Qaidam basins have the highest potential for increasing our natural gas reserve base through future exploration and development.

Production

The following table sets forth our historical average net daily crude oil and natural gas production by region and our average sales price for the periods ended December 31, 2006, 2007 and 2008.

	For the Year Ended December 31,	% of

	2006	2007	2008	2008 Total
Crude oil production(1)				
(thousands of barrels per day, except percentages or otherwise indicated)				
Daqing	883.1	847.3	813.2	34.2
Liaohe	230.4	231.3	224.6	9.4
Xinjiang	244.2	249.4	246.9	10.4
Changqing	215.6	246.9	279.8	11.8
Tarim	123.9	131.6	132.7	5.6
Huabei	89.4	90.8	89.7	3.8
Jilin	115.6	120.0	121.2	5.1

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	For the Year Ended December 31, 2006	2007	2008	% of 2008 Total
Dagang	93.6	91.2	92.2	3.9
Tuha	44.4	44.8	46.7	1.9
Other(2)	246.8	264.5	332.0	13.9
Total	2,287.0	2,317.8	2,379.0	100.0
Annual production (million barrels)	834.8	846.0	870.7	
Average sales price				
(RMB per barrel)	476.8	496.3	608.1	
(US$ per barrel)	59.81	65.27	87.55	
Natural gas production(1)(3)				
(millions of cubic feet per day, except percentages or otherwise indicated)				
Sichuan	1,233.9	1,329.8	1,364.6	26.8
Changqing	650.4	838.4	1,024.5	20.1
Daqing	138.0	123.7	136.0	2.7
Qinghai	200.7	286.0	378.1	7.4
Tuha	133.4	111.5	107.0	2.1
Xinjiang	114.2	102.3	129.9	2.6
Liaohe	52.8	43.9	40.8	0.8
Huabei	41.3	39.1	38.9	0.8
Tarim	1,015.7	1,383.1	1,564.1	30.7
Dagang	28.7	43.0	44.2	0.9
Other(4)	152.8	158.7	265.2	5.1
Total	3,761.9	4,459.5	5,093.3	100.0
Annual production (Bcf)	1,373.1	1,627.7	1,864.2	
Average sales price				
(RMB per Mcf)	27.6	29.0	32.3	
(US$ per Mcf)	3.46	3.81	4.65	

(1) Production volumes for each region include our share of the production from all of our cooperative projects with foreign companies in that region.

(2) Represents production from the Qinghai, Jidong, Yumen and other oil regions and our share of overseas production as a result of our acquisition of overseas assets.

(3) Represents production of natural gas for sale.

(4) Represents production from the Jilin, Jidong, Yumen and other oil regions and our share of overseas production as a result of our acquisition of overseas assets.

In 2008, we supplied approximately 84.6% of our total crude oil sales to our refineries, 4.7% to Sinopec s refineries, 8.0% to companies or entities outside China, and the remaining 2.7% to regional refineries or other entities. We entered into a crude oil mutual supply framework agreement with Sinopec on December 19, 2008 for the supply of crude oil to each other s refineries in 2009. Under this agreement, we agreed in principle to supply 50.3 million barrels of crude oil to Sinopec, and Sinopec agreed in principle to supply to us approximately 5.28 million barrels of crude oil in 2009 at negotiated prices based on the Singapore market FOB prices for crude oil. See Item 4 Information on the Company Regulatory Matters Pricing for a detailed discussion of the crude oil premium and discount calculation. For the years ended December 31, 2006, 2007 and 2008, the average

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lifting costs of our crude oil and natural gas production were US$6.74 per barrel-of-oil equivalent, US$7.75 per barrel-of-oil equivalent and US$9.48 per barrel-of-oil equivalent, respectively.

Principal Oil and Gas Regions

Daqing Oil Region

The Daqing oil region, our largest oil and gas producing property, is located in the Songliao basin and covers an area of approximately one million acres. The successful discovery and development of the oil fields in the Daqing oil region marked a critical breakthrough in the history of both our company and the PRC oil and gas industry. In terms of proved hydrocarbon reserves and annual production, the Daqing oil region is the largest oil region in China and one of the most prolific oil and gas properties in the world. We commenced exploration activities in the Daqing oil region in 1955 and discovered oil in the region in 1959. Annual crude oil production volume in the Daqing oil region reached one million barrels per day in 1976 and remained relatively stable until 2002. In 2006, 2007 and 2008, our crude oil production volume in the Daqing oil region was 883.1 thousand barrels per day, 847.3 thousand barrels per day and 813.2 thousand barrels per day, respectively. As of December 31, 2008, we produced crude oil from 20 fields in the Daqing oil region.

As of December 31, 2008, our proved crude oil reserves in the Daqing oil region were 3,548.0 million barrels, representing 31.6% of our total proved crude oil reserves. The proved crude oil reserves in our Daqing oil region have gradually decreased since 1996 because the crude oil production exceeded the crude oil reserve additions in our Daqing oil region in each year since 1996. As of December 31, 2006, 2007 and 2008, the proved crude oil reserves in our Daqing oil region were 4,200.3 million barrels, 3,856.1 million barrels, and 3,548.0 million barrels, respectively. In 2008, our oil fields in the Daqing oil region produced an average of 813.2 thousand barrels of crude oil per day, representing approximately 34.2% of our total daily crude oil production. The crude oil production in our Daqing oil region decreased by 3.8% from 309.3 million barrels in 2007 to 297.6 million barrels in 2008. In 2008, the crude oil reserve-to-production ratio of the Daqing oil region was 11.92 years, compared to 12.47 years in 2007.

The crude oil we produce in the Daqing oil region has an average API gravity of 35.7 degrees. In 2008, the crude oil we produced in the Daqing oil region had an average water cut of 91.2%, increased from the average water cut of 90.98% in 2007.

The crude oil in the Daqing oil region is primarily located in large reservoirs with relatively moderate depths of approximately 900 meters to 1,500 meters and with relatively simple geological structures and most of the crude oil produced at Daqing is medium viscosity oil. Crude oil produced using enhanced recovery techniques accounted for 27.0%, 27.0% and 27.4% of our crude oil production from the Daqing oil region in 2006, 2007 and 2008, respectively.

Because our oil fields in the Daqing oil region are relatively mature, the difficulty of extracting crude oil from these fields has increased in recent years and is likely to continue to increase gradually in the future. As a result, our lifting costs at these fields increased by 20.2% from US$8.09 per barrel for the year ended December 31, 2007 to US$9.72 per barrel for the year ended December 31, 2008. However, we have adopted a number of measures to contain the increase in our lifting costs at these fields. Those measures include:

- implementing ground optimization and simplification projects and reducing investments with low or no return so as to control cost from the source; and
- applying new technologies to reduce energy consumption to increase our ability to maximize profit.

Although we plan to continue to carry out these measures to contain the increase in our lifting costs, we expect our lifting costs at these fields will continue to increase gradually in the future.

We have an extensive transportation infrastructure network to transport crude oil produced in the Daqing oil region to internal and external customers in northeastern China and beyond. Crude oil pipelines link our oil fields in the Daqing oil region to the port of Dalian and the port of Qinhuangdao in Bohai Bay, providing efficient transportation for selling Daqing crude oil. These crude oil pipelines have an aggregate length of 2,451 kilometers and an aggregate throughput capacity of approximately 809.8 thousand barrels per day.

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Daqing s crude oil has a low sulfur and high paraffin content. As many refineries in China, particularly those in northeastern China, are configured to refine Daqing crude oil, we have a stable market for the crude oil we produce in the Daqing oil region. In 2008, we refined approximately 83.11% of Daqing crude oil in our own refineries, exported approximately 1.35% and sold the remaining portion to Sinopec or other local refineries.

Liaohe Oil Region

The Liaohe oil region is one of our three largest crude oil producing properties and is located in the northern part of the Bohai Bay basin. We began commercial production in the Liaohe oil region in 1971. The Liaohe oil region covers a total area of approximately 580,000 acres.

As of December 31, 2008, our proved crude oil reserves in the Liaohe oil region were 895.9 million barrels, representing 8.0% of our total proved oil reserves. In 2008, our oil fields in the Liaohe oil region produced an average of 224.6 thousand barrels of crude oil per day, representing approximately 9.4% of our total daily crude oil production. In 2008, the crude oil reserve-to-production ratio in the Liaohe oil region was 10.7 years. In 2008, the crude oil we produced in the Liaohe oil region had an average API gravity of 26 degrees and an average water cut of 79.4%. We have proved crude oil reserves in 38 fields in the Liaohe oil region, all of which are currently in production. We produce several varieties of crude oil in the Liaohe oil region, ranging from light crude oil to heavy crude oil and high pour point crude oil.

We have easy access to crude oil pipelines for Liaohe crude oil. The pipelines linking Daqing to Dalian port and Qinhuangdao port pass through the Liaohe oil region. In 2008, we sold about approximately 90.11% of the crude oil we produced at the Liaohe oil region to our own refineries.

Xinjiang Oil Region

The Xinjiang oil region is one of our three largest crude oil producing properties and is located in the Junggar basin in northwestern China. We commenced our operations in the Xinjiang oil region in 1951. The Xinjiang oil region covers a total area of approximately 900,000 acres.

As of December 31, 2008, our proved crude oil reserves in the Xinjiang oil region were 1,302.6 million barrels, representing 11.6% of our total proved crude oil reserves. In 2008, our oil fields in the Xinjiang oil region produced an average of 246.9 thousand barrels of crude oil per day, representing approximately 10.4% of our total crude oil production. In 2008, the crude oil reserve-to-production ratio at the Xinjiang oil region was 14.2 years. In 2008, the crude oil we produced in the Xinjiang oil region had an average API gravity of 36.8 degrees and an average water cut of 76.2%.

Sichuan Gas Region

We began natural gas exploration and production in Sichuan in the 1950s. The Sichuan gas region covers a total area of approximately 2.3 million acres. The natural gas reserve-to-production ratio in the Sichuan gas region was approximately 22.6 years in 2008. As of December 31, 2008, we had 107 natural gas fields under development in the Sichuan gas region.

As of December 31, 2008, our proved natural gas reserves in the Sichuan gas region were 11,285.4 billion cubic feet, representing 18.4% of our total proved natural gas reserves and an increase of 8.5% from 10,400.5 billion cubic feet as of December 31, 2007. In 2008, our natural gas production for sale in the Sichuan gas region reached 499.4 billion cubic feet, representing 26.8% of our total natural gas production for sale and an increase of 2.9% from 485.4 billion cubic feet in 2007.

In 2007, we discovered significant natural gas reserves in the Guang an field in the Sichuan gas region in our border expansion in that region. As of December 31, 2008, the Guang an gas field had a proved natural gas reserve of 1,751.1 billion cubic feet. Currently, the Guang an gas field is the largest gas field in the Sichuan basin. We have developed a broad range of technologies relating to natural gas exploration, production, pipeline systems and marketing activities tailored to local conditions in Sichuan.

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Changqing Oil and Gas Region

The Changqing oil and gas region covers parts of Shaanxi Province and Gansu Province and the Ningxia and Inner Mongolia Autonomous Regions. We commenced operations in the Changqing oil and gas region in 1970. In 2008, we produced 102.4 million barrels of crude oil in the Changqing oil and gas region.

In the early 1990s, we discovered the Changqing gas field, which had total estimated proved natural gas reserves of 19,261.7 billion cubic feet as of December 31, 2008, representing 31.5% of our total proved natural gas reserves. In January 2001, we discovered the Sulige gas field, which had total estimated proved natural gas reserves of 5,308.8 billion cubic feet as of December 31, 2008. In 2008 we produced 375.0 billion cubic feet of natural gas for sale in the Changqing oil and gas region, representing an increase of 22.5% from 306.0 billion cubic feet in 2007.

Tarim Oil and Gas Region

The Tarim oil and gas region is located in the Tarim basin in northwestern China with a total area of approximately 590,000 acres. As of December 31, 2008, our proved crude oil reserves in the Tarim oil region were 594.0 million barrels. The Kela 2 natural gas field, which we discovered in 1998 in the Tarim oil and gas region, had proved natural gas reserves of approximately 6,264.9 billion cubic feet as of December 31, 2008. As of December 31, 2008, the proved natural gas reserves in the Tarim oil and gas region reached 15,516.4 billion cubic feet, representing 25.4% of our total proved natural gas reserves. Currently, the Sulige gas field is the largest natural gas field in China in terms of proved natural gas reserves.

In 2008, we produced 572.5 billion cubic feet of natural gas for sale in the Tarim oil and gas region. We have completed the construction of the pipelines to deliver natural gas in the Tarim oil and gas region to the central and eastern regions of China where there is strong demand for natural gas transmitted through our West to East natural gas pipeline project. See Natural Gas and Pipeline Nature Gas Transmission Infrastructure for a discussion of our West to East natural gas pipeline project. The commencement of the operation of this West to East natural gas pipeline significantly increased our natural gas production in the Tarim oil and gas region.

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Refining and Marketing

We engage in refining and marketing operations in China through 26 refineries, 23 regional sales and distribution branch companies and one lubricants branch company. These operations include the refining, transportation, storage and marketing of crude oil, and the wholesale, retail and export of refined products, including gasoline, diesel, kerosene, lubricant, paraffin, and asphalt.

In 2008, our refining and marketing segment had a loss from operations of RMB82,970 million.

The following sets forth the highlights of our refining and marketing segment in 2008:

as of December 31, 2008, our refineries annual primary distillation capacity totaled 941.7 million barrels of crude oil per year, or 2,580.1 thousand barrels per day;

we processed 849.8 million barrels of crude oil, or 2.3 million barrels per day;

we produced approximately 73.97 million tons of gasoline, diesel and kerosene and sold approximately 90.95 million tons of these products;

as of December 31, 2008, our retail distribution network consisted of:

16,725 service stations owned and operated by us,

731 franchise service stations owned and operated by third parties with which we have long-term refined product supply agreements, representing a significant decrease from last year, as a result of our termination of cooperation arrangements with certain franchise service stations that had demonstrated deficiencies in image, service or oil quality; and

in 2008, our service stations, which are located throughout China, sold approximately 61.8 million tons of gasoline and diesel, representing 71.7% of the total of these products sold through our marketing operations.

Refining

Our refineries are located in eight provinces, four autonomous regions and one municipality in the northeastern, northwestern and northern regions of China.

Refined Products

We produce a wide range of refined products at our refineries. Some of the refined products are for our internal consumption and used as raw materials in our petrochemical operation. The table below sets forth production volumes for our principal refined products for each of the years ended December 31, 2006, 2007 and 2008.

	Year Ended December 31,		
Product	**2006**	**2007**	**2008**
	(In thousands of tons)		

Diesel	44,226.5	47,345.4	48,294.4
Gasoline	22,027.2	22,018.7	23,465.2
Fuel oil	3,491.4	4,162.0	4,076.5
Naphtha	6,317.9	7,491.9	7,225.8
Asphalt	1,605.7	1,563.4	2,093.3
Kerosene	2,063.7	2,017.2	2,208.8
Lubricants	1,488.4	1,760.4	1,767.9
Paraffin	1,051.8	1,003.0	948.5
Total	82,272.6	87,362.0	90,080.4

We optimize our production facilities mix to meet market demand and to focus on the production of high margin products. This has resulted in an overall modest increase in the production of lighter refined products which generally are higher margin products, such as gasoline and diesel.

In recent years, we have made significant capital investments in facility expansions and upgrades to improve product quality to meet evolving market demand and environmental requirements in China. In each of the years ended December 31, 2006, 2007 and 2008, our capital expenditures for our refining and marketing segment were RMB19,206 million, RMB26,546 million and RMB20,274 million, respectively. These capital expenditures were incurred primarily in connection with the expansion and upgrades of our refining facilities, upgrade of our product quality, and expansion of our refined product retail marketing network and storage infrastructure for the purpose of maintaining and increasing our market share. In 2008, we had completed the construction or renovation of 19 refining projects including, among others, the construction of the 1.4 million tons/year continuous reforming and disproportionation unit at Liaoyang Petrochemical, the construction of the 1.8 million tons/year gasoline catalytic hydrofining unit at Lianzhou Petrochemical, and the expansion of the 420,000 tons/year acrylonitrile refining unit at Jilin Petrochemical. In addition, we have also focused on enhancing our processing technologies and methods. These efforts have enabled us to improve the quality of refined products at our refineries, particularly that of gasoline and diesel. We believe that our refined products are capable of meeting product specification and environmental protection requirements as set by the PRC government.

Our Refineries

Most of our refineries are strategically located close to our crude oil storage facilities, along our crude oil and refined product transmission pipelines and/or railways. These systems provide our refineries with secure supplies of crude oil and facilitate our distribution of refined products to the domestic markets. In each of the years ended December 31, 2006, 2007 and 2008, our exploration and production operations supplied approximately 82%, 80% and 77%, respectively, of the crude oil processed in our refineries.

The table below sets forth certain operating statistics regarding our refineries as of December 31, 2006, 2007 and 2008.

	As of December 31,		
	2006	**2007**	**2008**
Primary distillation capacity[1] (thousand barrels per day)			
Lanzhou Petrochemical	212.6	212.6	212.6
Dalian Petrochemical	415.0	415.0	415.0
Fushun Petrochemical	186.2	186.2	186.2
Daqing Petrochemical	121.5	121.5	121.5
Jinzhou Petrochemical	131.6	131.6	131.6
Jinxi Petrochemical	131.6	131.6	131.6
Jilin Petrochemical	141.7	141.7	141.7
Urumqi Petrochemical	101.2	121.5	121.5
Other refineries	1,122.5	1,118.4	1,118.4
Total	2,563.9	2,580.1	2,580.1
Refining throughput (thousand barrels per day)			
Lanzhou Petrochemical	191.4	213.9	202.3
Dalian Petrochemical	244.7	233.5	267.2
Fushun Petrochemical	196.4	196.6	193.1
Daqing Petrochemical	128.5	124.3	117.1
Jinzhou Petrochemical	137.8	133.6	132.5

Jinxi Petrochemical	132.1	133.6	126.8
Jilin Petrochemical	146.5	146.1	136.3
Urumqi Petrochemical	98.0	106.1	110.3
Other refineries	875.3	968.8	1,036.4
Total	2,150.8	2,256.5	2,322.0

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	As of December 31,		
	2006	2007	2008
Conversion equivalent[2] (percent)			
Lanzhou Petrochemical	53.3	53.3	53.3
Dalian Petrochemical	27.8	27.8	44.9
Fushun Petrochemical	70.7	70.7	70.7
Daqing Petrochemical	76.7	76.7	80.0
Jinzhou Petrochemical	84.6		