

Special
ReportCooperation with Local Government to Build a
Beautiful Xinjiang

Tarim Oilfield is the third largest oil and gas field of CNPC and an important oil and gas producing area in China. As a primary source for the West East Gas Pipeline, it has become an important chapter in the history of promoting natural gas's development in China. The development of Tarim Oilfield has witnessed how we planted CNPC spirit in the Taklimakan Desert. It also served as a testimony on how we rooted ourselves in Southern Xinjiang, how we collaborated with our compatriots in building Southern Xinjiang, share the benefits of the development and seek common development, and capitalize on the local resource advantages and building them into strengthening the advantages of industry and economy, thus, bringing a sense of gain to the local residents.

Implement projects to benefit people, provide clean and affordable energy. Accelerate the infrastructure construction of green gas in southern Xinjiang, invest more than 10 billion yuan to build projects benefit to people in southern Xinjiang, supply gas at a price lower than the market to 4 million residents in the five district states of southern Xinjiang, improve the local ecological environment and promote the optimization, transformation and upgrading of local energy consumption structure. In 2018, the Limin Wushi natural gas branch line of southern Xinjiang was successfully built and passed the preliminary acceptance check. The natural gas trunk line and branch line network completed full coverage of every district states in southern Xinjiang. People in southern Xinjiang generally used natural gas, bid farewell to the "firewood and coal era" and entered into the "clean era".

We carried out clean production and environmental protection. Tarim Oilfield widely applies methane recovery, relentlessly promotes the immediate disposal of drilling waste, speeds up withdrawal from environmentally sensitive areas so to protect the fragile ecosystem in the desert area. Please refer to Climate Governance (on page 38) and Ecological Protection (on page 33) for more details.

We built desert highways for wind and sand prevention. The Tarim Oilfield Company built a 565-kilometer-long highway that crossed the Taklimakan Desert and jointly invested in the construction of a desert highway shelterbelt project with the government. A large number of high-temperature resistant and sand plants such as red willow and populus euphratica were planted on both sides of the road, and drip irrigation was implemented, which delivered desired results. It was rated as National Environmental Friendly Project by the Ministry of Ecology and Environment. The road has shortened the traffic from Hetian area to Korla and Urumqi by 500-1,000 km.

Since the completion of the project, it has never set a toll office and thus, has benefited the local people. The brackish water irrigation and greening technology developed by this project have been promoted and applied in Southern Xinjiang and other parts of the world.

We drove industrial development and local employment. The Company combines its own growth with sustainable development of local resources and actively engaged in the development of relevant local industries. In 2018, there were 733 contractors sourced locally by Tarim Oilfield Company, accounting for 47% of the total and contract value reaching RMB 17.9 billion, which has directly or indirectly driven the local employment of 25,000. We paid a total of RMB 7.83 billion taxes and fees for the year 2018. The Company carried out mixed ownership reform with local stakeholders, promoted and expanded on-site processing of oil and gas resources at a wider scale and deeper level, so to maximize taxation and employment opportunities to the local communities in Xinjiang. The Tarim Oilfield Company's condensate gas light hydrocarbon deep recovery project in cooperation with Bazhou is with the largest processing capacity of its kind in China, which has further improved petrochemical industrial chain of Southern Xinjiang. The project became profitable in the first year of operation. In 2018, RMB 100 million taxes and fees were paid, and the local dividends stood at RMB 6.5 million.

We participate in public welfare undertakings and improve people's livelihood. CNPC invested RMB 17.99 million in poverty alleviation funds for 7 counties including five prefectures such as Bazhou, Aksu, Hetian, which is used for infrastructure construction, industrial support, etc., directly benefiting more than 20,000 poverty stricken populations. We've implemented targeted poverty alleviation and guided local farmers and herdsmen to develop animal husbandry and planting industries by fully leveraging on local conditions. We've organized in-kind donations, including 1,351 tons of fertilizer to 28 poverty-stricken villages of 5 prefectures in Southern Xinjiang. We've solved the fertilizer problem of spring tillage for nearly 20,000 villagers, and donated more than 27,000 pieces of clothing, stationeries and books to three fixed-point poverty-alleviation and aid villages.

7.83 billion RMB

In 2018, we sourced 550 local contractors in the Tarim Oilfield, accounting for 47% of the total, which has directly or indirectly driven the local employment of 25,000 people. We paid a total of RMB 7.83 billion taxes and fees for the year 2018.

810,000 tons

Southern Xinjiang Natural Gas Project supplied with gas of 9.75 million cubic meters on daily average, with a peak of 16.68 million cubic meters in winter, which has benefited more than 4 million people and cut down 810,000 tons CO₂ emissions per year.

21,000

The company invested RMB 17.99 million in poverty alleviation funds for five prefectures such as Bazhou, directly benefiting more than 21,000 impoverished people.

