



Focus 本期焦点

SMT Appointed as E6 Sole Oil & Gas Distributor in China

新力驰成为元素六全国总经销

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Synergy Material Technology Ltd has been appointed by Element Six as the sole distributor of petroleum products (Oil & Gas) and is the only approved procurement channel in China.

We are customer-oriented and committed to serving all petroleum industry users across the nation, while assisting all new and old customers to solve the supply problem of PDC Cutter.

By doing so we hope Element Six can focus more on their product development and quality control in the supply chain, thus providing better and more stable products for the industry.

新力驰科技有限公司现已获元素六委任为石油产品 (Oil & Gas) 的全中国总经销，成为唯一的认可采购管道。

新力驰将秉承一直以客为本的精神，继续服务全国石油行业用户，协助各新旧用户解决石油复合片 (PDC Cutter) 的供应问题。

元素六将能更专注于产品开发及供应链上的质量控制，为大家提供更优质及稳定的产品。

CNOOC : Expected to Achieve Target Yield of the Year

中海油：
全年料达产量目标

China National Offshore Oil Corporation, CNOOC:

Expected to Achieve Target Yield of the Year

Capital Expenditure not as schedule

Look forward to achieve the lower limit of RMB70 billion

Performance Perspective

The total net output of China National Offshore Oil Corporation, CNOOC (00883) at previous quarter fell by 2.1% year-on-year to approximately 114 million barrels of oil equivalent. Yet benefited from the uprising of international oil prices, the company's oil and gas sales revenue in the previous quarter rose by 33.4% to RMB47.93 billion (RMB, the same below). Capital expenditure increased by 29.6% year-on-year to RMB15.27 billion.

● By hket reporter Chan Kin Ting

Important Websites

重要网站连结

SMT Website 新力驰网站
<http://synergymaterial.com/>

E6 Website 元素六
<https://www.e6.com>

SMT @ 1688
新力驰@阿里巴巴
<https://shop7588426n98059.1688.com/>

Last Quarter Output Fell by More Than 2% As Affected by Typhoon

With regard to the early phase production drawdown, as explained by Company CFO Xie Weizhi, apart from being affected by first phase preparatory work of the North Sea Oil Wells Adjustment Project in the UK that caused a decline of the production output, the 3 typhoon storms at mainland in September and especially the Super Typhoon Mangkhut also affected the output of the South China Sea Project. Nevertheless, the first three quarters of the net output reached approximately 352 million barrels of oil equivalent and he is confident to complete the full-year target. The company sets early of the year a production target of 470 million to 480 million barrels of oil for this year. CNOOC's oil and gas sales revenue in the first three quarters rose by 24.7% year-on-year to approximately RMB138.24 billion, and capital expenditure was RMB36.25 billion, accounting for only about half of its annual capital expenditure plan. Xie Weizhi bluntly stated that capital expenditure progress of the group was not performed as good as ideal. As failed to implement some projects, it is expected that capital expenditure will be difficult to reach the upper limit of RMB80 billion set at the beginning of the year, instead he is confident to achieve the lower limit of capital expenditure at about RMB70 billion.

Focus on Upstream Mining while Trade War Has Limited Impact

Xie Weizhi said current international oil prices are mainly dominated by supply and demand, while attitude taken by the Organization of Petroleum Exporting Countries (OPEC) and the potential for increasing production of shale oil in the United States will also affect its trend. Other interference factors such as Iran being sanctioned may also cause oil prices to fluctuate, but he believes that current oil prices can be maintained at a certain level. He continued that CNOOC focuses on upstream mining business, and the Sino-US trade war has limited direct impact on the company. However, it may affect market demand in the long run if the dispute persists.

Husky Energy CK Hutchison Holdings Limited (00001) earlier proposed a comprehensive acquisition to Canadian Oil Sands Company MEG, while CNOOC holds approximately 12% of MEG. Xie Weizhi responded that CNOOC is pursuing the maximization of its shares' value and will closely monitor the development of the situation, as at now it is still not the right time to make a decision.



CNOOC's Oil & Gas Sales Revenue Increased by 30% in Previous Quarter

中海油上季油氣銷售收入增3成

Items 項目	Third Quarter Performance 第3季表現	
	Amount / Yield 金額/產量	Annual Changes 按年變幅
Oil & Gas Sales Income (100 million in RMB) 油氣銷售收入 (億元人民幣)	479.3	↑ 33.4%
Average Oil Price (USD/Barrel) 平均實現油價 (美元/桶)	71.55	↑ 40.7%
Capital Expenditure (100 million in RMB) 資本支出 (億元人民幣)	152.7	↑ 29.6%
Net Production (Billion barrel oil equivalent) 淨產量 (億桶油當量)	1.14	↓ 2.1%

GP-2 Case Study 使用过案

型号 : 8 寸半 (8.5 inches), 钢体 (Steel body)
进尺 : 665.18m
地层 : 四川长宁韩家店~石牛栏
钻速 : 22.2m/h
起钻原因 : 1-6-RO-S-X-2-WT-PR



Articles 文章分享

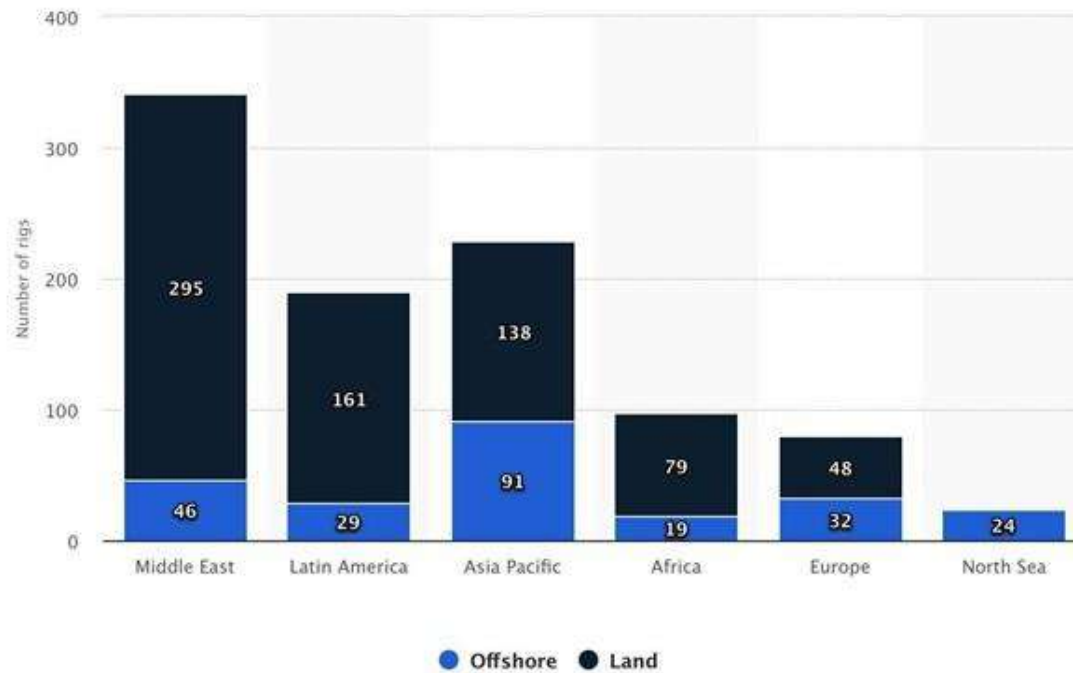
Global Oil & Gas Rig Count by Region - August 2018

全球石油和天然气钻井平台按地区计算 - 2018 年 8 月

Global Oil & Gas Rig Count by Region - August 2018

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This statistic displays the number of oil and gas rigs worldwide by region and type, as of August 2018. At that point, there were 91 offshore rigs in the Asia Pacific region, while there were 138 on land. Oil and gas rigs can be operated on land or water.



<https://www.statista.com/statistics/326727/global-gas-and-oil-rig-numbers-by-region/>

Drilling Productivity Report – Oct 2018

钻井生产力报告 – 2018 年 10 月

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The Drilling Productivity Report uses recent data on the total number of drilling rigs in operation along with estimates of drilling productivity and estimated changes in production from existing oil and natural gas wells to provide estimated changes in oil and natural gas production for seven key regions. EIA's approach does not distinguish between oil-directed rigs and gas-directed rigs because once a well is completed it may produce both oil and gas; more than half of the wells produce both.

Region	New-well oil production per rig barrels/day			New-well gas production per rig thousand cubic feet/day		
	October 2018	November 2018	change	October 2018	November 2018	change
	Anadarko	407	410	3	2,891	2,914
Appalachia	145	146	1	16,697	16,907	210
Bakken	1,523	1,538	15	1,940	1,984	44
Eagle Ford	1,445	1,452	7	5,864	5,993	129
Haynesville	26	26	-	8,661	8,715	54
Niobrara	1,191	1,193	2	4,431	4,443	12
Permian	552	595	43	1,230	1,230	-
Total	643	668	25	3,747	3,791	44

<https://www.eia.gov/petroleum/drilling/#tabs-summary-1>

Service Companies Face “Unsustainable” Debt – Oct 2018

服务公司面临「不可持续」的债务困境 – 2018 年 10 月

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Financial services company Moody's says high debt will constrain credit quality in 2019.

Oilfield services companies need to substantially increase their cash flow or risk racking up their debt to unsustainable levels over the long term, according to a new report from credit rating agency Moody's.

"US oilfield services and drilling companies' high debt levels will continue to constrain their credit quality in 2019 and beyond," Moody's senior analyst Sreedhar Kona said.

But even as companies become more efficient and use fewer rigs for drilling more wells, the financial health of land drillers remains tied to the active rig count. The segment for land drillers has fared better than other oilfield services segments in keeping their debt ratios appropriate, the report said.



<https://www.upstreamonline.com/live/1618966/service-companies-face-unsustainable-debt?>

PHX Energy Announces its Third Quarter Results, Reporting Strong Profitability and Growth in the US - Oct 2018

PHX Energy 宣布其第三季度业绩
美国盈利及增长报告强劲 – 2018 年 10 月

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The North American rig count increased by 9 percent quarter-over-quarter, with the US rig count increasing 11 percent while the Canadian rig count was flat. The Permian basin remained the most active basin in North America representing 38 percent of all active rigs in the quarter (2017 – 33 percent). Horizontal wells remained the prominent well type throughout North America representing 93 percent of Canadian industry drilling days (2017 – 92 percent), and 88 percent of the US active rigs running per day (2017 – 84 percent) in the third quarter of 2018 (Sources: Daily Oil Bulletin and Baker Hughes).

For the nine-month period ended September 30, 2018, the Corporation achieved consolidated revenue of \$224.8 million an increase of 25 percent from \$180.3 million in the comparable 2017-period. Higher revenues for the nine-month period ended September 30, 2018 were a result of improved day rates in the period and growing drilling activity in the US. Consolidated operating days were 19,220, compared to 17,756 days in the 2017-period, an 8 percent improvement. The average consolidated day rate, excluding the motor rental division in the US and the Stream division, in the 2018-period was higher by 16 percent at \$11,414 versus the comparable 2017-period of \$9,878.

Horizontal and directional rigs represented 94 percent of the average number of US rigs running per day (2017 – 93 percent) and the Permian basin continued to dominate the US industry, representing 46 percent of the average operating rigs per day in the 2018-quarter (Source: Baker Hughes). During the three-month period ended September 30, 2018, PHX Energy was focused on the Permian basin, which represented approximately 60 percent of the wells drilled by the Corporation. As a result of the strengthening oil prices and this focus on the Permian basin, oil well drilling represented 98 percent of PHX Energy's US activity. In addition to the Permian basin, Phoenix USA continued to be active in the Eagle Ford, Granite Wash, SCOOP/STACK, Marcellus, Bakken and Niobrara basins.

<https://globenewswire.com/news-release/2018/10/31/1640737/0/en/PHX-Energy-Announces-its-Third-Quarter-Results-Reporting-Strong-Profitability-and-Growth-in-the-US.html>

Baker Hughes, a GE Company
Announces Third Quarter
2018 Results – Oct 2018

通用电气服务公司 Baker
Hughes 公布 2018 年第三
季度业绩 –
2018 年 10 月

Baker Hughes, a GE Company
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通用电气服务公司 Baker Hughes 公布 2018 年第三季度业绩- 2018 年 10 月

LONDON & HOUSTON

Orders of \$5.7 billion for the quarter, down 5% sequentially and flat year-over-year

Revenue of \$5.7 billion for the quarter, up 2% sequentially and up 7% year-over-year

GAAP operating income of \$282 million for the quarter, increased \$204 million sequentially and increased \$475 million year-over-year

Adjusted operating income (a non-GAAP measure) of \$377 million for the quarter, up 30% sequentially and up \$207 million year-over-year*

GAAP diluted earnings per share of \$0.03 for the quarter which included \$0.16 per share of adjusting items. Adjusted diluted earnings per share (a non-GAAP measure) were \$0.19*

Cash flows generated from operating activities were \$ 239 million for the quarter. Free cash flow (a non-GAAP measure) for the quarter was \$146 million. Included in free cash flow is a cash usage of \$151 million relating to restructuring, legal settlements and merger-related payments*

*The Company presents its financial results in accordance with GAAP which includes the results of Baker Hughes and GE Oil & Gas from the transaction closing date of July 3, 2017. However, management believes that using additional non-GAAP measures will enhance the evaluation of the profitability of the Company and its ongoing operations. Please see Tables 1a, 1b and 1c for a reconciliation of GAAP to non-GAAP financial measures.

<https://www.oilandgas360.com/baker-hughes-a-ge-company-announces-third-quarter-2018-results/>

US Rig Count Rises 11 on
the Week to 1,174,
Nearing 43-month High –
Nov 2018

本周美国钻井平台数量
增加 11 个至 1,174
接近 43 个月高位 –
2018 年 11 月

**US Rig Count Rises 11 on the Week to 1,174
Nearing 43-month High – Nov 2018**

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接近 43 个月高位 – 2018 年 11 月

Denver — The combined US oil and gas rig count edged up by 11 this week to 1,174, which was its highest since early October, when the count hit a 43-month high at 1,176, S&P Global Platts Analytics data showed.

The continued expansion in drilling activity, which has seen the combined rig count rise from 1,050 in the year-ago week, comes as stronger commodity prices support producer margins.

In October, the prompt WTI crude price averaged \$70.75/b, up sharply compared with the October 2017 average of just \$51.55/b. At the benchmark Henry Hub, meanwhile, the prompt-month NYMEX natural gas contract averaged \$ 3.21/MMBtu last month, which compares with \$2.91/MMBtu during the same period last year.

<https://www.spglobal.com/platts/en/market-insights/latest-news/natural-gas/110118-us-rig-count-rises-11-on-the-week-to-1174-nearing-43-month-high>

Oil Drops to 8-month Low, Settling at \$61.67, as US Output Hits Record, Stockpiles Rise - Nov 2018

油价跌至 8 个月低点，收报 61.67 美元，美国产量创历史新高，库存增加 - 2018 年 11 月

Oil Drops to 8-month Low, Settling at \$61.67, as US Output Hits Record, Stockpiles Rise - Nov 2018

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Oil prices fell on Wednesday after government data showed a seventh consecutive increase in U.S. crude stockpiles.

U.S. crude inventories rose by 5.8 million barrels in the week to Nov. 2, while the nation's oil production hit a record 11.6 million barrels a day, government data showed.

Russia and Saudi Arabia are discussing oil output cuts in 2019, Russia's TASS news agency reported.

U.S. West Texas Intermediate crude ended Wednesday's session down 54 cents, or nearly 1 percent, at \$61.67, its lowest closing price since mid-March. WTI touched a nearly eight-month low at \$61.20 on Wednesday, falling more than 20-percent from its recent high and briefly trading in bear market territory.

Brent crude, the global benchmark, were down 13 cents to \$72 a barrel by 2:22 p.m. ET. The contract hit \$71.36 on Tuesday, near its lowest since Aug. 16.

<https://www.cnn.com/2018/11/07/oil-markets-iran-sanctions-oversupply-concerns-in-focus.html>

Trump On Falling Oil Prices: 'That's Because of Me' - Nov 2018

油价下跌，特朗普：「那是因为我」 - 2018 年 11 月

Trump On Falling Oil Prices: 'That's Because of Me' - Nov 2018

油价下跌，特朗普：「那是因为我」 - 2018 年 11 月

Oil prices tumbled from four-year highs last month amid a broad sell-off in global markets, rising output from key producers and a deteriorating outlook for oil demand.

Wall Street widely blames Trump's sanctions on Iran for pushing oil prices to nearly four-year highs in the first place.

The Trump administration on Friday announced it would grant sanctions waivers to eight countries, which allow them to continue importing Iranian crude for 180 days without fear of reprisal from the United States. The Trump administration restored sanctions on Iran, OPEC's third-biggest oil producer, on Monday.

"I gave some countries a break on the oil," Trump said during a lengthy, wide-ranging press conference the day after Republicans lost control of the House of Representatives in the midterm elections. "I did it a little bit because they really asked for some help, but I really did it because I don't want to drive oil prices up to \$100 a barrel or \$150 a barrel, because I'm driving them down."

<https://www.cnn.com/2018/11/07/trump-on-falling-oil-prices-thats-because-of-me.html>

Asian economies grateful for reprieve on Iran oil imports - Nov 2018

亚洲经济体对伊朗石油进口的缓解表示感激 - 2018 年 11 月

Asian economies grateful for reprieve on Iran oil imports - Nov 2018

亚洲经济体对伊朗石油进口的缓解表示感激 - 2018 年 11 月

SEOUL, South Korea — Japan, South Korea and other major oil importers welcomed Tuesday the decision by the Trump administration to let them continue to import Iranian crude oil and other petroleum products despite the re-imposition of sanctions on Tehran.

The risk of excessive disruption to world markets was a key factor behind the decision to allow exemptions for some of the biggest, most oil-thirsty economies. It appeared to have paid off.

As of midday Tuesday oil prices had fallen moderately, with benchmark U.S. crude down 0.3 percent and Brent crude, which is used to price international oils, down nearly 0.4 percent. The fear was that the sanctions deadline would have pushed oil prices sharply higher.

Five of the eight economies granted waivers as long as they work to reduce oil imports from Iran to zero are in Asia: China, India, Japan, South Korea and Taiwan. The others were Greece, Italy and Turkey.

<http://www.startribune.com/asian-economies-grateful-for-reprieve-on-iran-oil-imports/499770301/>

Oil Prices 油价

Brent Crude Oil Prices
伦敦布伦特原油期货
<https://hk.investing.com/commodities/brent-oil>

(WTI) 原油价格
<https://markets.businessinsider.com/commodities/oil-price?type=wti>

U.S. Active Drilling Rigs
美国活跃钻油井数目
International Active Drilling Rigs
国际活跃钻油井数目
<http://phx.corporate-ir.net/phoenix.zhtml?c=79687&p=irol-rigcountsoverview>

	Brent Crude Oil Prices (USD) 伦敦布兰特期油 (美元)	Oil (WTI) 纽约轻原油 (WTI)	Active Drilling Rigs (U.S) 活跃油井 (美国)	Active Drilling Rigs (International) 活跃油井 (国际)
2 Nov, 2018	72.57	62.86	1,067	1,004
26 Oct, 2018	77.68	67.62		
17 Oct, 2018	80.33	70.03		
9 Oct, 2018	84.89	74.68		
Price Performance 价格表现				
3 months 三个月	-14.38%	-15.83%		
6 months 六个月	+0.22%	-6.37%		
One Year 一年	-0.79%	-5.90%		
Since 2018 自 2018	+9.23%	+5.34%	+169	+73

Reminder 提示

Exhibitions 展览会

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<u>Exhibitions 展览会</u>	<u>Place 地点</u>	<u>Date 日期</u>
China Offshore Oil & Gas Summit & Exhibition	北京 Beijing	30-31 Oct 2018
Refining & Petrochemicals World (RPW) China 2018	北京 Beijing	5-7 Nov 2018
World Oil & Gas Week 2018	伦敦 London	3-4 Dec 2018
Int'l Petroleum Technology Conference (IPTC)	北京 Beijing	26-28 Mar 2019
China Int'l Petroleum & Petrochemical Technology & Equipment Exhibition	北京 Beijing	27-29 Mar 2019
Int'l Conference & Exhibition on Liquefied Natural Gas	上海 Shanghai	1-5 Apr 2019
Offshore Technology Conference (OTC)	休斯顿 Houston	6-9 May 2019
GeoConvention	卡尔加里 Calgary	13-17 May 2019
World Congress on Petroleum & Refinery	大阪 Osaka	20-21 May 2019
European Association of Geoscientists & Engineers (EAGE) Conference & Exhibition	伦敦 London	3-6 Jun 2019
Advanced Research Projects Agency –Energy (ARPA-E) Energy Innovation Summit	丹佛 Denver	8-10 Jul 2019
Summer NAPE	休斯顿 Houston	21-22 Aug 2019
World Energy Congress	阿布扎比 Abu Dhabi	9-12 Sept 2019
Society of Petroleum Engineers (SPE) Annual Technical Conference & Exhibition	卡尔加里 Calgary	30 Sep – 2 Oct 2019
Louisiana Gulf Coast Oil Exposition (LAGCOE) 2019	奥尔良 New Orleans	9-11 Oct 2019
Int'l Association of Drilling Contractors (IADC) Annual General Meeting	奥斯汀 Austin	6-8 Nov 2019