

Vietnam Oil & Gas Upstream - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

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Abstracts

The Vietnam Oil & Gas Upstream Market size is estimated at 176.88 Thousand barrels per day in 2024, and is expected to reach 181.34 Thousand barrels per day by 2029, growing at a CAGR of 0.5% during the forecast period (2024-2029).

Key Highlights

Over the medium term, the upstream market of Vietnam is primarily driven by two main factors: the growing demand for Vietnam's sweet crude in Southeast Asian markets and the high prices of crude oil, which can bring more revenue for new investments.

On the other hand, the rising investments in renewable energy projects are expected to restrain the market's growth during the forecast period.

Many foreign upstream companies have invested heavily and continue to invest in new hydrocarbon discoveries in Vietnam's offshore region.

Vietnam Oil & Gas Upstream Market Trends

The Offshore Segment is Expected to Dominate the Market

Vietnam's oil and gas upstream market is witnessing an upward trend driven by several key factors. The country possesses significant offshore oil and gas reserves in the South China Sea, particularly in basins like Cuu Long and Nam Con Son. Ongoing exploration efforts have led to the discovery of new reserves, attracting investments and stimulating the growth of the upstream sector.

The Vietnamese government has actively fostered an environment conducive to foreign investment in the oil and gas industry. By implementing favorable policies and regulatory frameworks, such as offering production-sharing contracts (PSCs), the government has encouraged international companies to participate in exploration and production activities.

Vietnam has been focusing on infrastructure development to support upstream operations. Investments have been made in the construction of offshore production platforms, drilling rigs, pipelines, and onshore processing facilities. Such infrastructure enhancements strengthen Vietnam's oil and gas exploration, production, and export capabilities.

According to the Energy Institute Statistical Review of World Energy 2023, the crude oil production in the country in 2022 was 194 thousand barrels per day, the majority of which were from offshore blocks.

In January 2023, Pharos Energy announced that it planned to start drilling in Block 125 offshore in eastern Vietnam.

In January 2023, the Vietnamese government announced that it was seeking to accelerate preparatory work for two offshore gas projects - Ca Voi Xanh (Blue Whale) and Block B - to diversify the country's energy sources soon. Vietnam's most significant offshore gas project, Ca Voi Xanh, is located off Vietnam's central coast and has an estimated capacity of 150 billion cubic meters. Block B, located off the southwestern coast, is estimated to have 107 billion cubic meters in reserves.

Such developments are expected to boost the growth of the upstream oil and gas market during the forecast period.

Increasing Demand for Natural Gas is Expected to Drive the Market's Growth

The oil and gas upstream market in Vietnam is poised to experience growth driven by the increasing demand for natural gas. This surge in demand can be attributed to several factors.

Firstly, as part of the global energy transition toward cleaner fuels, natural gas is gaining

prominence as a cleaner alternative to coal and oil. In its efforts to reduce carbon emissions and meet climate commitments, Vietnam is shifting toward utilizing natural gas for power generation and industrial applications. This transition creates opportunities for exploration and production activities in the country's upstream sector.

Secondly, Vietnam is expanding its electricity generation capacity, and natural gas is favored as a fuel for power plants due to its lower carbon emissions compared to coal. As the demand for electricity continues to rise, the construction of natural gas-fired power plants necessitates a stable supply of natural gas, thereby driving exploration and production efforts in the market.

Vietnam's industrial and commercial sectors rely heavily on natural gas for various applications such as manufacturing, petrochemicals, and hospitality. With ongoing industrial growth, the demand for natural gas as a fuel and feedstock is increasing, further stimulating the need for additional natural gas reserves and driving activity in the upstream market.

The country recently showed interest in increasing the share of natural gas in the power generation mix. According to the Electricity of Vietnam Group (EVN), as of April 2022, electricity generation from natural gas stood at 12% of the total energy mix.

In February 2023, the Vietnamese government approved the investment policy of the 2,250 MW Son My 2 CCGT power plant project in Quy Nhon, Binh Dinh province. The project will require an investment of USD 1.8 billion. The construction was expected to begin in 2023, and the commissioning is scheduled for 2025.

In March 2024, Japan's Mitsui Oil Exploration (MOECO) announced its decision to invest in and develop Vietnam's Block B gas field, with its share of the development cost of about USD 740 million. The project, 330 km (205 miles) off southwest Vietnam, will comprise a gas field and a pipeline linking it to a gas-fired thermal power plant.

Vietnam aims to reduce its dependence on imported natural gas by increasing domestic production. According to the Energy Institute Statistical Review of World Energy 2023, natural gas production in the country in 2022 was 0.75 billion cubic feet per day, an increase of 8.3% compared to the previous year.

Owing to such developments, the growing demand for natural gas is expected to drive the oil and gas upstream market.

Vietnam Oil & Gas Upstream Industry Overview

The Vietnamese oil and gas upstream market is moderately consolidated. Some of the key players in the market include ExxonMobil Corporation, Eni SpA, Vietnam Oil and Gas Group (Petrovietnam), Essar Oil And Gas Exploration And Production Ltd, and Jadestone Energy PLC.

Additional Benefits:

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