

# Our oil output up by 30,000 barrels

MAY 12 1982

KUALA LUMPUR, Tues. — Malaysia has increased crude oil production to an average 290,000 barrels per day — about 30,000 barrels per day more than last year's level.

The step-up has been going on since early this year, industry sources said today.

The increase, which represents a rise of about 11.5 per cent over last year's daily output, is apparently an adjustment to the National Depletion Policy implemented in June 1980.

Under the policy, Malaysia through Petronas decided to cut crude production gradually after taking into consideration the market situation.

Daily output after June 1980 had been reduced by between 10,000 and 30,000 barrels per day.

## Necessary

The increase since the beginning of the year is understood to be an effort on the part of the Government to earn more revenue.

With the current glut and low prices in the international market, an increase in production is deemed necessary for the foreign exchange needed to finance development projects.

Prime Minister Datuk Seri Dr. Mahathir Mohamad recently said some rearrangement of priorities was necessary for development plans in face of the world economic recession.

The present average of 290,000 barrels per day, however, is not a new figure.

Between January and May 1980, production also ran at 290,000 barrels per day, although after the implementation of the National Depletion Policy, it was scaled down to 270,000 barrels per day.

Petronas has also reduced the price of its oil twice this year — on Jan 1 and April 1.

The current selling price of Malaysian crude is between US\$35.10 and US\$37.30 per barrel. Last year, it was between US\$40.30 and US\$42.10 per barrel.

Malaysia's decision to increase crude production is also going against the trend among oil-producing countries to cut output because of the glut and low prices.

Industry sources also said the step-up in production was another at-

tempt at saving on foreign exchange since more of its crude was being consumed locally.

It is estimated that 184,000 barrels per day are being refined and used domestically now compared with 155,000 in 1980.