

MALAYSIAN-THAI ACCORD

50:50 sharing

of JDA oil, gas

BT 23 MAR 1990

By **AHIRUDIN ATTAN**

MALAYSIA and Thailand have agreed on a 50:50 production-sharing formula in all offshore oil and gas discoveries in the 7,300 sq km Joint Development Area (JDA) in the Gulf of Siam north of Kelantan.

The ratio applies irrespective of in whose territory the discovery is made or whose company or oil corporation makes the find, Prime Minister Datuk Seri Dr Mahathir Mohamad said.

"The formula for joint operation is not going to be based on concession or division of territories. If a company commissioned by the Thai authorities finds oil and gas in Thai territory, it will be shared equally with Malaysia.

"Similarly, if Petronas (the national oil corporation) makes a discovery in Malaysian waters of the JDA, it will be split 50:50," he told a news conference after a closed-door meeting with senior government officials at Genting Highlands yesterday.

Datuk Seri Dr Mahathir was responding to queries about the agenda of his scheduled meeting with Thai Prime Minister Tun Chatichai Choonhavan in Pattaya tomorrow.

He said the production-sharing formula, along with other details under the joint operation within the JDA, have been agreed to. "We're in the process of establishing a joint authority to monitor oil and gas exploration and discovery in the area."

The Prime Minister stressed that the agreement will involve exploration and discovery of both oil and gas.

The two prime ministers are expected to sign tomorrow an agreement on the joint operation and the setting up of the Joint Development Authority. Datuk Seri Dr Mahathir said he is confident that the first exploration will be commissioned soon after this weekend's meeting.

The JDA, which became an issue of dispute between the two governments in 1979, is said to contain a commercial scale hydrocarbon tract. Malaysia and Thailand agreed in principle last year on a formula for the joint operation but it was never made clear whether it will be on a concession or production-sharing basis.

During a visit to Malaysia by Tun Chatichai last August, officials from both

countries had said the first oil exploration could be expected by the end of last year.

This weekend, Datuk Seri Dr Mahathir and Tun Chatichai are also expected to iron out problems in plans to launch joint-ferry services between the southern Thai town of Tatbai and Pengkalan Kubor in Kelantan.

The joint operation, which was initiated to promote tourism and ties between the people, was originally scheduled to be launched in October last year.

The two prime ministers are also expected to discuss joint operations along the border of the two countries, in particular issues pertaining to smuggling and tourism.

Defence Minister Tengku Ahmad Rithauddeen and Culture and Tourism Minister Datuk Sabbaruddin Chik will accompany Datuk Seri Dr Mahathir during the visit.

The Prime Minister described his visit to Thailand as "most timely". "This is the first time I'm going to Thailand to meet Tun Chatichai. He has come here to visit me three times," he noted.