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PM SAYS DULANG CRUDE MARKS A MILESTONE IN MALAYSIAN ENERGY SECTOR

KERTEH, April 22 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad today described Petronas Carigali Sdn Bhd's successful development of the Dulang oilfield production facilities, about 130 km offshore Terengganu, as a major milestone in the country's fast expanding energy sector.

Petronas Carigali is the exploration arm of Petronas, the national oil corporation, and the Dulang oilfield, with recoverable reserves of about 181 million barrels, is the first field it has developed from scratch.

In a message to mark the inauguration of the Dulang facilities and the launch of the Dulang crude today, the prime minister said the development of the field would help raise Malaysia's oil production and export capacity. Malaysia's production of crude stood at 650,000 barrels per day.

Datuk Seri Dr Mahathir said increased production would yield additional government revenue needed to meet growing development expenditure as a result of an expanding economy while the increased foreign exchange earnings derived from crude exports would help improve further the country's balance of payment situation.

The prime minister today toured the Dulang production installations offshore built under Phase One of the development which cost \$1.5 billion. Tonight, he will launch the Dulang crude at a dinner here.

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Datuk Seri Dr Mahathir said the fact that almost all the installations for the Dulang field were built by Malaysian shipyards and fabricators proved that Malaysians had reached a level of capability that +we can be proud of in an industry known for its high technology+.

The project, he said, had also directly benefitted the local supporting industries enabling them to acquire valuable experience and expertise to develop further.

For instance, \$564.4 million or 78 percent of the value of contracts worth \$723.4 million under Phase One of the Dulang project went to Malaysian companies. The exception was the construction of a \$159 million Floating Storage and Offloading Facility which was built by Mitsubishi Heavy Industries of Japan.

Contracts awarded to Malaysian companies with the work being carried out locally amounted to \$319.31 million of which 70.2 percent or \$224.41 million went to Bumiputera majority-owned companies.

In his message, Petronas Chairman Tan Sri Haji Basir Ismail said the launch of the Dulang crude would add to the list of existing Malaysian crudes like Tapis, Miri, Labuan and Bintulu.

Petronas Carigali Chairman Tan Sri Azizan Zainul Abidin said that since the inception of the company in May 1978, it had seen a rapid expansion of its functions.

Petronas Carigali had been the operator of the Duyong gas platform offshore Terengganu since April 1980. In December 1986, it took over the Tembungo field offshore Sabah and since April 1988, Petronas Carigali had been the operator of a group of nine fields in the Baram Delta in Sarawak.

+The development of Dulang, in which it was involved from the exploration stage through planning and execution of the development of the field and hook-up and commissioning has proved to be an invaluable opportunity to develop and prove its capability,+ said Tan Sri Azizan, who is also president of Petronas.

The Dulang oilfield had posed special difficulties for Petronas Carigali because of the highly waxy nature of the crude and the fact that the location of the oil reservoir straddles the contract areas of Petronas Carigali and Esso Production Malaysia Inc, a production sharing contractor of Petronas.

The Dulang oilfield covers Block PM6 of Petronas Carigali (6G-1 and 6G-7) and the sub-blocks of 6G-2 and 6G-8 of EPMI.

From May 1981 to January 1986, 12 exploration and appraisal wells -- five by EPMI and seven by Petronas Carigali -- were drilled. EPMI subsequently drilled two more appraisal wells in 1989 and 1990 while both companies were engaged in a joint seismic survey in 1984.

Development drilling at Dulang began in November last year and actual production began on March 15 this year.

Tan Sri Azizan said EPMI had been most supportive of Petronas Carigali's efforts, including seconding members to the project team.

Petronas officials said Dulang posed an enormous challenge to Petronas Carigali to prove itself as a capable and competent operator while the challenge of developing the field brought Petronas Carigali and EPMI into closer collaboration than they had ever had. -- Bernama