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IRAN LAUDS PETRONAS IN SIRRI OILFIELDS VENTURE

By: Siti Hawa Othman

KUALA LUMPUR, Sept 5 (Bernama) -- Iran today praised Petronas, the national oil corporation, for teaming up with Total of France to develop the Sirri A and Sirri E oilfields in the Persian Gulf despite the threat of sanctions from the United States.

"Our happiness is that Petronas decided to do so even after the US sanctions were announced," said the vice-president of Iran, Dr Hamid Mirzadeh, who was now on a three-day unofficial visit to Malaysia until Saturday.

Total had signed a contract to develop the two fields in collaboration with the state-owned National Iranian Oil Company (NIOC) in July 1995.

The Iran-Libya Sanctions Act, which threatens to impose sanctions against non-US firms that invest US\$40 million or more a year in the two countries' oil and gas sectors, was signed by President Bill Clinton on Aug 5 this year. (US\$1=RM2.4967)

According to petroleum sources, the negotiations between Total and Petronas went way long before the sanctions were announced. On Aug 19, Total granted Petronas a 30 percent interest in the US\$600 million five-year investment project to develop the two offshore oilfields.

Petronas's involvement in Iran, through wholly-owned subsidiary Petronas Carigali Overseas Sdn Bhd, has raised eyebrows among oil and political circles in view of the likelihood of sanctions imposed by the US.

But Prime Minister Datuk Seri Dr Mahathir Mohamad in commenting on the issue said Malaysia had the right to make its own decision whether to invest in Iran.

However, the US Embassy in Kuala Lumpur declined to comment on Petronas's involvement in Iran.

Oil sources said Petronas's involvement in the Persian Gulf was part of its globalisation track after having established a presence in many Asian nations, Africa, Australia and Argentina.

The Iranian upstream venture was Petronas's first co-operation with Total. Total is understood to be the company which had withdrawn from a US\$1.2 billion refinery project at Dung Quat Bay in Vietnam and a consortia comprising Petronas had filled the slot left behind by Total.

Now the Vietnamese refinery project, which is still under detailed feasibility study, is 30 percent owned by PetroVietnam and the rest by three consortia.

The consortium of Petronas and Conoco Asia Ltd holds 30 percent stake in the project, South Korea's LG Chemical Ltd and US-based Stone and Webster another 30 percent and the balance held by Taiwanese firms -- Chinese Petroleum Corp (CPC) and China Investment & Development Company (CIDC).

Petronas was also said to be part of a multinational consortium together with BHP of Australia, Total and Sumitomo of Japan in a contract to develop the Dai Hung oil field in Vietnam.

Meanwhile, Iran is the second largest producer of crude within the Organization of Petroleum Exporting Countries (OPEC). It also has the world's second largest gas reserves after Russia at 735 trillion cubic feet, but only a small portion of the deposit have been exploited so far.

In July last year, NIOC released a tender of 10 major oil and gas projects worth an estimated US\$7 billion available to foreign investment under "buy-back" formula.

Following the announcement, Iranian Oil Minister, Gholamreza Aghazadeh was reported as saying recently that NIOC had received "numerous proposals" from foreign firms to develop projects included in the July 1995 tender. --
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