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PETRONAS TO PROCEED WITH IRANIAN PROJECT, SAYS CEO

KUALA LUMPUR, Sept 9 (Bernama) -- Petroliam Nasional Bhd (Petronas) will proceed with its oil exploration project in Iran, president and chief executive officer Datuk Mohamed Hassan Marican said today.

"We have got advise from various parties to proceed with the deal," he told reporters after opening the Asia Pacific Drilling Technologies Conference, here.

Petronas has a 30 percent stake in the Sirri A and E fields in Iran first awarded to Total, a French oil company, in 1995.

Petronas signed an agreement with Total in June 1996 for the 30 percent stake and obtained approval for the participation from the National Iranian Oil Company in early July.

"The field has recoverable reserve of 600 million barrels and the total investment required to develop the two oil fields is US\$600 million," Mohamed Hassan said.

The United States has threatened to imposed sanctions under the Iran-Libya Sanctions Act on non-US firms that invest US\$40 million or more a year in the oil and gas sectors of the two Middle East countries.

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 threatened US sanction.

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

The national oil corporation has been active in overseas ventures to pursue its goal to derive 30 percent of its revenue from its international ventures by the year 2005.

Petronas is believed to be involved in both upstream and downstream activities in the Philippines and South Africa, upstream activity in Syria, Pakistan and Iran and solely downstream activity in China, India, Yemen, Dubai, Australia, Argentina and Myanmar.

Earlier, in his keynote address, Mohd Hassan said demand for oil in the Asia-Pacific region was projected to grow from 18 million barrels per day (bpd) in 1995 to about 20 million bpd in the year 2000.

Coupled with depleting reserves, it was likely that the imbalance between supply and demand in the region would continue to widen, he added.

The process of industrialisation in the region has led to higher demand for petroleum products, especially for power generation and transportation needs.

Mohd Hassan said challenges facing the oil industry included the need for new and improved technology to enable oil operators to be more efficient and cost effective and to develop adequate skilled, knowledgeable and competent manpower resources.

Recognising the importance of technology in the oil and gas industry, Petronas had set up a technology resources management division to spearhead the development of research and technology, he added.

Mohd Hassan said given the availability of highly skilled manpower at relatively low cost in Malaysia, multinational corporations should consider relocating or establishing new research and development facilities in the country. -- BERNAMA

JSM LDB