

24/06/1997

RM12b production sharing contract

Rupa Damodaran

PETROLIAM Nasional Bhd yesterday signed a RM12 billion production sharing contract with Petronas Carigali Sdn Bhd and Esso Production Malaysia Inc to ensure gas supply for its Peninsular Gas Utilisation project for 25 years.

The agreement will consolidate gas field development in offshore Peninsular Malaysia from next year for optimal cost and operational efficiency.

EPMI and Carigali will each have 50 per cent of the joint venture in the PSC with Petronas.

Petronas president and chief executive Tan Sri Mohamad Hassan Marican said EPMI will surrender to Petronas all but two of the undeveloped gas fields off the East Coast awarded to the company under the Natural Gas Project and Sales Agreement signed in 1990. Both EPMI and Carigali will relinquish all the undeveloped gas fields in Blocks PM-5 and PM-8 respectively.

Under the agreement, EPMI will be the operator for the gas facilities in the northern region around its existing hubs at Jerneh and Lawit gas fields while Carigali will operate those in the southern region at the new Angsi field.

The estimated gas reserves in the fields stand at about 12.5 trillion standard cubic feet.

Combined sales from the new contract and Natural Gas Project and Sales Agreement are expected to meet about two thirds of the projected gas demand in the peninsula for the next 25 years.

Azizan said Petronas had learnt from the partnership with Esso and was today able to participate actively and meaningfully in the oil industry both at home and in the international arena.

Exxon Corporation chairman Lee Raymond said the contract covered development of natural gas from 15 fields by Carigali and EPMI and also provided for the sale of gas produced to Petronas.

"This will be the first large-scale combined oil and non-associated gas development to be installed offshore in the peninsula," he said, adding that engineering work will begin immediately with first production scheduled in 2002.

Carigali and EPMI are now producing more than 400,000 barrels of oil from their joint venture operations off the coast of Peninsular Malaysia, which represents more than half the nation's output.

EPMI and Carigali are also supplying more than 1,300 million cubic feet of gas to Peninsular Malaysia and Singapore.

At the ceremony, Petronas was represented by Mohamad Hassan, EPMI by its chairman and chief executive officer of Esso Companies Philip J. Dingle and Carigali by its director Datuk Hamzah Bakar.

(END)