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M'SIAN AND THAI COs FORM STRATEGIC ALLIANCES TO SERVICE JDA

KUALA LUMPUR, April 22 (Bernama) -- Kota Minerals and Chemicals Sdn Bhd (KMC), a company specialising in drilling fluids and engineering services for the oil industry, will form a strategic alliance with Thailand's construction-based All Star Chemical Company Ltd to service the Malaysia-Thailand Joint Development Area (JDA).

KMC said in a statement today that the project will be undertaken by a joint venture (JV) company set up by KMC and All Star.

It said the joint-venture represents a milestone in the Thai oil and gas industry with the establishment of the first local venture to provide drilling fluids and engineering services.

KMC will own 51 percent equity in the new JV and All Star will hold the other 49 percent. The JV company will have an initial issued and paid-up capital of RM200,000 and authorised capital of RM1.0 million.

To this effect the two companies signed a shareholders agreement on the JV, in the presence of Thai Foreign Minister Dr Surin Pitsuwan. The ceremony was held in conjunction with Prime Minister Datuk Seri Dr Mahathir Mohamad's visit to Songkhla to witness two gas purchase agreements between Malaysia and Thailand, together with Thai Prime Minister Chuan Leekpai.

At the JV signing ceremony KMC was represented by its executive chairman Datuk Nasaruddin Abdul Jalil while All Star was represented by its chairman Chodchoi Pongpairoj.

KMC said in the statement which was released here that the newly set up company will also supply other oilfield related materials and chemicals in the JDA, which is scheduled to begin operations in the next two years.

The agreement will also pave the way for a technology transfer between KMC, which has eight years experience in managing drilling fluids, and its Thai partner by recruiting Thai personnel to operate the JV company.

KMC said the primary function of drilling fluids or "mud" is to remove drilled cuttings from the bottom of a well to carry them to the surface.

Its other functions include cooling and lubricating drill bits, coating boreholes with low permeability filter cakes and controlling sub-surface pressures. -- BERNAMA

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