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Petronas-Sudan

MALAYSIA'S OIL RESERVES GET BIG BOOST WITH SUDAN VENTURE

By: Azman Ujang

KHARTOUM, May 15 (Bernama) -- The national oil company, Petronas, started to invest overseas in 1990, driven primarily by the need to find additional petroleum reserves for Malaysia.

Two years later, it added Sudan, shunned by many foreign investors due to an ongoing civil war, to the list of countries in its globalisation drive.

And two years ago, thanks to the warming of diplomatic ties between Malaysia and Sudan, Petronas was invited by the Sudanese government to participate in an intergrated project to explore and develop three blocks of onshore oil fields in the country's southern parts.

The results coming from these fields were swift. Together with three other partners including Sudan's national oil company Sudapet, they struck oil and formed a consortium called Greater Nile Petroleum Operating Company Ltd (GNPOC).

Petronas has so far pumped in US\$200 million into the joint venture where it has a 30 per cent stake, while China National Petroleum Corporation has 40 per cent, Canada's State Petroleum Corporation 25 per cent with Sudapet having only 5 per cent.

"Our total investment in this joint venture will come to US\$600 million of the total cost of US\$3 billion. This will be our biggest single overseas investment," Petronas chairman and chief executive Tan Sri Hassan Marican told Malaysian journalists after the opening of the Petronas office here by visiting Malaysian Prime Minister Datuk Seri Dr Mahathir Mohamad today.

Hassan is as excited about the venture as the 150 Petronas staff and their families who form the small Malaysian expatriate community here.

"Just ask them about their experience working here. You'll get interesting stories to write, especially in how they lay the pipeline," said Hassan of the 1,500 km being laid from the production areas to Port Sudan.

Since last year, the consortium has drilled 29 wells resulting in the discovery of recoverable oil reserves of 660 million barrels.

When the pipeline is ready by June next year, Sudan will join the ranks of oil exporters, with an initial flow of 150,000 barrels a day.

Sudan's first oil exports due in June next year are bringing fresh hopes for a better life for the 30 million people of this largest country of Africa.

Sudanow, a leading English language news magazine here, described the project as a "pipe dream coming true for Sudan".

"Oil production is a long-awaited hope for the Sudanese people. For political reasons, factors of instability and war, foreign companies which were undertaking the task of exploration in the past left the country. Now the present government of Sudan appears to be serious about making that dream a reality," it says in a recent report.

Increased local oil production by Petronas and its other partners here will also mean a foreign exchange saving of US\$500 million a year in Sudan's oil import bill.

"Based on our current exploration programme, we are optimistic of being able to add another 600 million barrels to the reserves.

"This means from the joint venture, the partners will have over 1.2 million barrels of reserves or equivalent to Malaysia's recoverable reserves. And it means that from our 30 per cent stake, Malaysia will have

an additional 360 million barrels of oil reserves," said Hassan.

Petronas's Sudan investment fits in well with other two objectives of its globalisation drive -- to expand its business and provide new challenges to its staff.

In turning itself into a global player, the company now has operations in 19 countries both in the upstream, downstream and related activities.

Hassan said just like Malaysia's policy is to encourage multinational companies to Malaysianise as far as possible, Petronas has also embark on a Sudanisation programme where locals are being trained both here and in Malaysia to prepare them to take over positions as its operations mature.

Petronas is also assisting in the setting up of skills development centres and a research centre in Sudan in anticipation of the growth of the petroleum industry.

"We shall not neglect our social responsibilities and the aspirations of the host government. We believe in long-term partnership and shall endeavour to provide a meaningful and mutually beneficial contribution to the partnership," he said earlier in a speech at the opening of the Petronas office.

Once Sudanese nationals are competent enough to take over, Malaysians will only make up 20 per cent of the Petronas manpower here, said Hassan who is impressed with the skills of the locals especially their "very good English".

"We take pride in the achievement of over a relatively short period," said Hassan, who thanked Dr Mahathir for his encouragement and guidance in seeing to it that the Sudan venture is now well on its way to paying off handsome dividends.

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