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Petronas all set to tap Sudan oil gush (HL)

Fauziah Ismail in Khartoum

KHARTOUM, Fri: Petronas opened an office here today to oversee its single largest foreign onshore operations which have involved investments of more than RM2 billion and which are expected to contribute about one-third of Malaysia's oil reserves by the year 2002.

Prime Minister Datuk Seri Dr Mahathir Mohamad made Petronas' presence in this country official at a ceremony held at the Khartoum Hilton.

The Greater Nile Petroleum Operating Co Ltd, in which Petronas holds a 30 per cent stake through an investment of US\$600 million (US\$1 = RM3.78), now has 660 million barrels of recoverable reserves at Block 1, 2 and 4 located in the Muglad Basin in the southern part of Sudan. The company plans to double this by the year 2002.

The other consortium members are the China National Petroleum Corp (40 per cent), Canada's State Petroleum Corp (25 per cent), and Sudan's Sudapet (5 per cent).

Petronas president and chief executive Tan Sri Mohd Hassan Marican said the company signed with the Sudan Government on March 1 a 30-year exploration and production sharing agreement for the three blocks covering 48,914 sq km.

The company has drilled 29 wells there since last year, resulting in the discovery of the recoverable oil reserves.

The first oil for export is expected by June next year, with an initial flow of 150,000 barrels a day, Mohd Hassan told Malaysian newsmen here.

This is expected to reach 250,000 bpd by 2002.

Mohd Hassan said Petronas has spent US\$200 million for the integrated project.

Greater Nile Petroleum Operating Co also signed an agreement to construct, own and operate a 1,540km pipeline from the Muglad Basin fields to Port of Sudan, a marine export terminal at the port as well as field surface facilities.

OGP Technical Services, a 60-per cent subsidiary of Petronas, has been awarded the management consultancy services contract of the project.

Petronas' other operations in Sudan are as a partner in another consortium which signed a 36-year production sharing agreement with the Sudan Government for onshore Block 5A located adjacent to blocks 1 and 4.

Petronas has a 28.5-per cent stake in the consortium which includes International Petroleum Co (40.375 per cent), OMV Aktiengesellschaft (26.125 per cent) and Sudapet (5 per cent).

Besides Sudan, Petronas is now in 18 other countries, having undertaken globalisation of its business beginning 1991.

Its first overseas venture was Myanmar, where Petronas signed an agreement with Idemitsu for a 15 per cent stake in an onshore block.

It was, however, not a successful venture.

It has since gone again into Myanmar as well as Syria, Turkmenistan, Iran, Pakistan, China, Vietnam, Philippines, Cambodia, Australia, Thailand, India, Seychelles, South Africa, Algeria, Libya/Tunisia, Sudan, Argentina and Switzerland.

Upstream, Petronas is into exploration, development and production of oil and gas in Asia, Africa and West Asia.

Downstream, it is into refining, retailing and marketing, liquefied petroleum gas terminalling, bottling and distribution and gas transmission network in Asia, Africa, West Asia, Australia and South America.

Mohd Hassan said as part of its commitment to share its experience and expertise with Sudan, Petronas has also signed an agreement on cooperation and technical assistance with the Sudan Ministry of Energy and Mining.

Petronas subsidiaries, Petronas Management Training Sdn Bhd and Petronas Research and Scientific Sdn Bhd, are assisting in these undertakings.

According to Mohd Hassan, as "we have proven ourselves to be credible in the manner that we operate, the Sudan Government has also offered us other investment opportunities with Sudapet".

"We are looking at Blocks 12 and 14 and the Red Sea/Port Sudan area," he said.

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