

16/05/1998

## PM launches Petronas' Sudan project

Syed Nadzri in Khartoum, Sudan

Prime Minister Datuk Seri Dr Mahathir Mohamed yesterday launched Petronas's largest overseas investment, which gives access to 29 oil wells with reserves of 660 million barrels in southern Sudan.

The investment, about US\$600 million (RM2,280 million), will give the national oil company joint rights over the oil fields covering 48,914 sq kms in the Muglad basin.

The project was launched at the Khartoum Hilton Hotel on the final day of Dr Mahathir's three-day visit to Sudan.

Petronas president and chief executive Tan Sri Hassan Merican said the project enabled Petronas to hold 30 per cent interest in the consortium that will construct, own and operate a 1,540 km export pipeline from the oil wells to Port Sudan.

The other members of the consortium are China National Petroleum Corporation which will own 40 per cent interest, Canada's State Petroleum 25 per cent and Sudapet (the Sudanese National Oil Company) five per cent.

The consortium, known as the Greater Nile Petroleum Operating Company Ltd, was formed last year with the signing of a 30-year exploration and sharing agreement.

The first oil for export is expected by June next year with initial flows of 150,000 barrels a day.

Though the oil wells are in southern Sudan, the flashpoint of civil strife, officials said the project was considered safe mainly because of the desert and hilly terrain around it.

Petronas has also been awarded the management consultancy services contract for the project through its subsidiary OGP Technical Services Sdn Bhd.

Hassan said Petronas' entry into Sudan formed part of the company's globalisation drive, begun in 1990.

"While our globalisation programme was primarily driven by the need to secure additional petroleum reserves for Malaysia, grow our business and provide new challenges to our staff, we have also made it our responsibility to contribute to the development of the countries we operate in," he said.

Hassan said based on current exploration programmes, recoverable reserves in the project would increase to 1.2 billion barrels and production would reach 250,000 barrels per day in 2002.

There are now 150 Petronas staff and their families in Sudan and this is expected to increase to more than 200 by the end of the year.

Petronas is also helping to set up skill development centres and a research centre in Sudan in anticipation of the growth of the petroleum industry.

Including Sudan, Petronas is actively involved in 19 countries.

(END)