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Vietnam field a ruby in Petronas' crown

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THE production of crude oil from the Ruby Field, an offshore Vietnamese oil field, represents a major accomplishment for the national oil corporation, Petronas Bhd, as it is the first overseas exploration and production project that Petronas has undertaken as a sole operator outside Malaysia.

Adding to the achievement of Petronas, which spread its wings abroad in 1990, is that the completion of the project was ahead of schedule despite the current economic turmoil.

The commercial production of the field, at an initial rate of 8,000 barrels per day (bpd), had already begun on October 22 1998, 10 days ahead of the original schedule.

The production of the first successful exploitation of hydrocarbon from basement by Petronas, came on board with an excellent safety record well above the industry standard.

The commercial production of crude oil from the field, located about 155km east of the coastal city of Vung Tau, was officially launched by Prime Minister Datuk Seri Dr Mahathir Mohamad on December 17 1998. The Prime Minister was in Hanoi last week for the Asean leaders summit.

The initial production of 8,000bpd comes from slim twin wells, drilled from a single conductor, an emerging drilling technology used for the first time in Vietnam by Petronas with some adaptations to suit the requirement of the Ruby Field.

The crude produced from the drilling platform Ruby A is piped and processed at the nearby floating production storage and offloading facility called Ruby Princess.

Production from the field under Phase One is expected to increase to about 20,000 bpd in 1999 and peak at 25,000 bpd by the year 2000.

The foundation for the development of the Ruby Field Project was laid on September 9 1991 when a Production Sharing Contract (PSC) was signed between Petronas' wholly-owned subsidiary, Petronas Carigali Overseas Sdn Bhd and Vietnam National Oil & Gas Corp (PetroVietnam).

Under the PSC, upon commercial discovery, Petronas assigned 15 per cent of its interest as contractor to PetroVietnam Exploration & Production Company, a wholly-owned subsidiary of PetroVietnam.

During the 25-year contractual period, Petronas and PetroVietnam as joint contractors, have been given the rights to the exploration, development and production of petroleum in the Mekong Basin, Con Son High and Nam Con Son Basin in Blocks 1 and 2.

Exploration work in the blocks started on August 31 1992, and the Ruby Field was discovered in June 1994. The field was declared commercially viable on August 28 1995.

The development of the field has been carried out in two phases. Phase One, the pilot production phase, includes the construction and installation of the drilling platform and the floating production storage and offloading facility.

Phase Two, the full field development phase, conceptually comprises three additional platforms and a floating storage and offloading vessel to develop the remaining reserves of Ruby and adjacent discoveries in Block 1 and 2.

Apart from Ruby, Petronas also operates Dai Hung oil field in Vietnam. Downstream, the company is involved in a liquefied petroleum gas

terminalling, bottling, distribution and marketing, trading of petroleum and non-petroleum products and petrochemical manufacturing with a polyvinyl chloride project joint venture project in Vung Tau.

To support its operations in Vietnam, Petronas has set up offices and facilities in Vung Tau, Hanoi and Ho Chi Minh City.

For the national petroleum corporation, the beginning of the Ruby Field production is a major milestone for the company in its quest to build up its petroleum reserves through global exploration ventures.

The successful implementation of the project will also add value to the Petronas Group's business and contribute towards achieving its goal of deriving 30 per cent of its revenue from international operations.

According to Petronas, its investment in Vietnam's oil and gas industry is a testimony to its commitment to contribute and assume an active role in the country's economic and industrial development through the sharing of expertise and experience, technology transfer and skills training.

It also reflects Malaysia's commitment in forging and enhancing ties with its Asean neighbours.

Meanwhile, PetroVietnam president/chief executive officer Ngo Thuong San said the production from the Ruby Field will significantly contribute to the achievement of PetroVietnam's target to increase its reserves.

The production from the field would also ensure continuous increase of annual oil and gas production to enable the petroleum company to reach the output of 20 million tonnes of oil equivalent in the year 2000; the peak production in the year 2015 and maintain stable production in the years beyond.

"With the open door policy of the Vietnamese Government and the enactment of the Law on Foreign Investment and the Petroleum Law by the Government, in its process of gradual integration to the petroleum activities in the South-east Asian region, PetroVietnam has signed and executed 33 petroleum contracts with foreign oil companies," Ngo said in Ruby Field Development Project booklet.

He added that both Petronas and PetroVietnam, as partners in oil and gas exploration, development and production on the continental shelf of Vietnam, look forward to seeing the same success achieved in their mutual cooperation in the mid-stream and downstream sectors.

While PetroVietnam was established in 1975, Petronas was incorporated on August 17 1974. Vested with the entire ownership and control of the petroleum resources in Malaysia, Petronas is now an integrated international oil and gas company with business interest in 22 countries.

Petronas is today a global exploration and production player with exploration and production operations in Algeria, China, Iran, Angola, Libya/Tunisia, Myanmar, Pakistan, Sudan, Syria, Turkmenistan and Malaysia-Thai Joint Development Area.

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