

30 OCT 1999

Mahathir-Leekpai

MAHATHIR AND CHUAN LEEKPAI WITNESS SIGNING OF GAS SALES PACT

ALOR SETAR, Oct 30 (Bernama) -- Petronas and the Petroleum Authority of Thailand (PTT) today signed a gas sales agreement with the developers of Block A-18 in the Malaysian-Thai joint development area (JDA) to jointly purchase natural gas from the offshore block in the JDA.

Block A-18 covers an area of about 7,250 sq km located approximately 250 km from Songkhla, Thailand.

The developers of Block A-18 are the Malaysia-Thailand Joint Authority (MTJA) and its production sharing contractors, Petronas Carigali (JDA) Sdn Bhd which holds 50 per cent participating interest, Triton Oil Company of Thailand (JDA) Ltd (49.5 per cent) and Triton Oil Company of Thailand (0.5 per cent).

The signing of the agreement was witnessed here by Prime Minister Datuk Seri Dr Mahathir Mohamad and Thai Prime Minister Chuan Leekpai.

Under the agreement, the sellers (MTJA and its production sharing contractors) are required to deliver the gas at an initial daily contractual rate of 390 million standard cubic ft a day for a 20-year plateau to the year 2022.

Gas will be delivered to the joint buyers via 34 inch of 270 km of offshore pipeline from the JDA to Songkhla and 36 inch of 90 km onshore pipeline from Songkhla to Kedah in northern Malaysia.

In addition, Cakerawala Gas Field, one of the gas fields in Block A-18, will be developed as Phase One Gas Project with a planned start-up date in the second quarter of 2002.

The total investment for that development of the Cakerawala Gas Field is estimated at US\$800 million (US\$1 =RM3.80).

MTJA is a statutory body vested with the exclusive rights, powers, liberties and privileges of exploring and exploiting non-living natural resources, particularly petroleum resources in the JDA under the Malaysia-Thailand Joint Authority Act 1990/B.E. 2533 of Malaysia and Thailand.

Apart from the gas agreement and the shareholders agreement, Petronas and PTT also signed a master joint-venture agreement, which is an umbrella agreement outlining possible future cooperation between the two parties in southern Thailand and northern Peninsular Malaysia utilising the JDA gas.

The signing of the agreements today marks the culmination of efforts by the Malaysian and Thai governments to jointly develop the hydrocarbon resources in their overlapping areas and paves the way for the biggest joint venture between the two neighbouring countries.

It also marks a major step towards realising the Trans-Asean Gas Grid to link and expand Asean's existing and future gas infrastructure to meet the region's increasing energy requirements.

More importantly, the signing of the agreements stands as a testimony to the success of the unique model of bilateral and regional cooperation based on a win-win concept advocated by Malaysia and Thailand in resolving disputes.

The implementation of the projects would help cater to the increased energy requirement of both countries as well as serve as a catalyst for industrial development in southern Thailand and northern Peninsular Malaysia.

At the same time, the development of the infrastructure is expected to attract both local and foreign investments into Malaysia and Thailand,

generate employment opportunities and increase the level of cooperation between the two countries, especially in the area of training and development of human resources.

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