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Malaysia and Thailand sign 'win-win' gas pact

ALOR STAR, Sat. - Petronas and the Petroleum Authority of Thailand today signed a landmark agreement to buy natural gas from the developers of Block A-18 in the Malaysian-Thai joint development area (JDA) of the Gulf of Thailand.

The agreement, seen as a 'win-win' way to resolve territorial disputes between neighbours, was signed before Prime Ministers Datuk Seri Dr Mahathir Mohamad and Chuan Leekpai.

Block A-18 is being developed by the Malaysia-Thailand Joint Authority (MTJA) with Petronas Carigali (JDA) Sdn Bhd, Triton Oil Company of Thailand (JDA) Ltd and Triton Oil Company of Thailand Ltd as its production sharing contractors.

Both Prime Ministers said the agreement was not only practical and beneficial for both countries but also good for future relations.

Under the agreement, the two national oil corporations will jointly buy on an equal basis natural gas from MTJA and the production sharing contractors at an initial rate of 390 million standard cubic feet (MMSCF) per day for 20 years from mid-2002.

Natural gas from the central processing platform of Block A-18 will be brought via an offshore pipeline to a gas separation plant in Songkhla for processing.

The pipeline will be extended onshore from Songkhla to the Malaysia-Thailand border and will be connected to the Peninsular Gas Utilisation pipeline at Changloon, Kedah.

The onshore and offshore pipeline system and gas separation plant will be jointly built, owned and operated by Petronas and its Thai counterpart, PTT.

Petronas and PTT also signed an agreement to undertake the infrastructure and development project from the Trans Thailand Malaysia gas pipeline system and two gas separation plants at Chana near Songkhla.

"I think this is a landmark agreement because for the first time, two neighbouring countries with overlapping claims over an area of sea have agreed to cooperate jointly and share resources.

"We believe this is a good moment for future relations of both countries," said Dr Mahathir at a joint Press conference with Chuan.

Chuan said the agreement was practical and beneficial and was a model for the international community.

The JDA is an overlapping offshore area between Malaysian and Thailand covering about 7,250 square kilometres off-shore of north eastern Peninsular Malaysia and south eastern Thailand.

All costs incurred and benefits derived from the JDA activities will be equally borne and shared by the two Governments.

Malaysia and Thailand agreed in 1979 to establish the Malaysia-Thailand Joint Authority, providing a foundation and framework for the exploitation of hydrocarbon resources in the area.

Asked how the Environment Impact Assessment report would affect the project if it (EIA) was negative, Dr Mahathir said:

"If the EIA report is negative, I am quite sure the Thai Government would not approve it. However, we will do everything possible to ensure there will be no bad effect on the environment."

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 investment into both countries, generate jobs and increase the level of cooperation.