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TCB-Oil

TENGGARA CAPITAL'S UNIT IN OIL/GAS EXPLORATION VENTURE IN INDONESIA

KUALA LUMPUR, March 9 (Bernama) -- A subsidiary of Tenggara Capital Bhd (TCB) has teamed up with Pertamina, Indonesia's oil company, to explore for oil in Indonesia.

In a statement, TCB said that TOB Exploration Sdn Bhd (TOBEX), has today signed a joint operation basic agreement with PT Wirabuana Pan Resources Karapan Ltd to resume operation of a Production Sharing Contract (PSC) with Pertamina in the Karapan Block off Java Island, Indonesia.

The agreement was signed in Jakarta between the two companies and witnessed by Prime Minister Datuk Seri Dr Mahathir Mohamad and Indonesia's President Abdurrahman Wahid.

The Karapan Block, located 50 km northeast from Surabaya off Madura Island, covers an area of about 3,800 square km.

According to TCB, the oil and gas field has an estimated reserve of 345 million barrels of crude oil and 3.5 trillion BSCF (billion cubic ft) of natural gas.

"On the basis of a conservative 20 percent recovery rate, the 72 million barrels of recoverable oil at today's average price would be worth US\$5 billion (RM19 billion), and the 3 trillion BSCF of gas that can be recovered worth about US\$3 trillion (RM11.4 trillion)," it added.

The PSC with Pertamina extends for 30 years on a 70:30 basis for gas in favour of the Indonesian state oil company.

TCB said the development cost of the oil and gas field over the three years is estimated at US\$200 million (RM760 million) of which the fund would be raised internally within the TCB Group.

A bond issue to cover any shortfall in the development budget, if necessary will be considered accordingly later, the company added.

In addition, TOBEX is also in an advanced negotiations for another block in Sumatra under Pertamina PSC arrangement with proven reserves of about five billion barrels in place worth over US\$30 billion (RM114 billion).

The development of the oil field is expected to stretch to 30 years.

Meanwhile, TCB also announced that Tenggara International Petroleum Corporation Ltd (TIPCO), a joint venture company between TCB and Petmal Oil (Malaysia) Sdn Bhd, has secured sales involving 6.0 million metric tonnes (47 million barrels) of crude oil in access of US\$1.1 billion (RM4.2 billion).

This is an addition to the US\$400 million (RM1.52 billion) of fuel oil it had sold to an Indonesian buyer recently.

The company said TIPCO has successfully acquired access to ample sources of LNG for 30 years supply contracts for its potential customers in the Asia Pacific region. -- BERNAMA

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