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Agreement with Bahrain on oil exploration

Deborah Loh; Noor Ashikin Amat

PUTRAJAYA, Thurs. - Malaysia and Bahrain today signed agreements on oil exploration, Islamic banking and product distribution.

The agreement on oil exploration marks the first time Petronas and the Arab Gulf State have sealed a production sharing contract.

Petronas will now operate Blocks IV and VI located in Bahrain's eastern offshore area. The island nation produces about 40,000 barrels of oil per day.

The memorandum of understanding was signed by Petronas president Tan Sri Mohd Hassan Marican and Bahraini Minister of Oil Shaijkh Isa Ali Al-Khalifa at the Prime Minister's Department here.

The Bahrain Government had in March called tenders for Blocks IV, V and VI. Ten international oil corporations had submitted their bids.

The Bahraini Government's decision on Petronas was made in September.

Petronas conducts oil exploration in 14 other countries.

Two other MoUs were signed by Prime Minister Datuk Seri Dr Mahathir Mohamad and Bahraini Prime Minister Shaikh Khalifa Salman Al-Khalifa who concluded a two-day working visit here.

One memorandum will see Malaysia set up a trade and distribution centre in Bahrain to market Malaysian products.

The other establishes co-operation between the two countries in Islamic finance and banking.

Dr Mahathir and Shaikh Khalifa had earlier held closed-door talks.

The signing was witnessed by Malaysian Government officials and a 60-member delegation from Bahrain.

Foreign Minister Datuk Seri Syed Hamid Albar later said that Bahrain was keen to invest in Malaysia and to use it as a gateway to regional trade.