

01/06/2001

PM hails co-operation between Petronas and Pertamina

Saiful Azhar Abdullah in Jakarta

PRIME Minister Datuk Seri Dr Mahathir Mohamad yesterday hailed Petronas' presence in Indonesia as an encouraging development for Asean.

Speaking at the official opening of Petronas' Jakarta office, Dr Mahathir said the co-operation between the oil companies in the region would help spur development in Asean.

The Prime Minister hoped Petronas' close relationship with its Indonesian counterpart Pertamina would lead to better co-operation between the two in the future.

He said the oil and gas industry would become a catalyst of development in Southeast Asia as the industry had created various downstream activities in the two countries.

The Petronas office, located at Level 27, Tower 2 Plaza Bapindo at Jalan Jendral Sudirman, will allow Petronas to better co-ordinate its current activities in Indonesia, namely trading, oil business and exploration.

Earlier, Petronas president Tan Sri Mohd Hassan Marican said the company is discussing with multinational oil companies to increase its involvement in Indonesia's upstream sector.

He said Petronas had been actively pursuing business opportunities in Indonesia with the full co-operation of Pertamina.

Mohd Hassan said in the upstream sector, Petronas was one of the production sharing contractors to Pertamina in two exploration blocks through its interest in Premier Oil Ltd.

Premier Oil is actively involved in the supply of natural gas from Indonesia's West Natuna area to Singapore.

Mohd Hassan said in the downstream sector, Petronas continued to supply crude oil and petroleum products to Pertamina.

The corporation was also looking at the possibility of investing in refinery expansion projects and retail business.

"The strengthening of the relationship between the two national oil companies has been very encouraging and has given us the confidence to expand our presence in Indonesia," he said.

He also said Pertamina, PetroVietnam and Petronas have entered into a strategic alliance to explore opportunities in the upstream sector in the three respective countries as well as other countries.

Mohd Hassan also said the opening of the Jakarta office signified Petronas' intention and commitment to establish a long-term business presence in Indonesia.

This would enhance the relationship with Pertamina and other oil and gas organisations in the republic.

"The office will assume an important role in identifying and analysing potential business opportunities in Indonesia's oil, gas, petrochemical, trading and other relevant sectors."

The Jakarta office will also house its subsidiary companies - Malaysia International Shipping Corporation (MISC), Malaysia International Trading Company (MITCO) and Malaysia's national automotive company, Perusahaan Otomobil Nasional or Proton.

Petronas first ventured into Indonesia in 1979 when it participated in the Asean Urea Project.

Currently, PT Asean Acheh Fertiliser, in which Petronas holds a 13 per cent interest, produces about 660,000 tonnes of urea and 470,000 tonnes of ammonia annually.

The products are marketed in Asean as well as other countries in Asia. Petronas is also currently involved in two exploration blocks in Indonesia, in the Pasemah area of Sumatra and in the Ketapang block offshore Java, through its E&P subsidiaries.

Recently, Petronas signed a gas sale agreement with Pertamina for the purchase of up to 250 million standard cubic feet of natural gas per day for 20 years from West Natuna.

Delivery of the gas through its Duyong offshore facilities to Peninsular Malaysia is expected to commence by the middle of next year.