

# Gaining a comp

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The Petronas Petroleum Industry Complex is testimony to the success of Petronas into what it is today.

THE official opening of the Petronas Petroleum Industry Complex in Kertih, Terengganu, by Prime Minister Datuk Seri Dr Mahathir Mohamad marks a milestone in Malaysia's national development.

It represents a symbol of success of the Government, through Petronas, in nation building.

This success is built on a strong long-term relationship of trust, shared vision and synergistic co-operation between Petronas and the private sector, driven by the vision and commitment of the nation's leaders to turn Malaysia into a fully-developed and industrialised country.

Petronas, the acronym for Petroliaam Nasional Bhd, was established on Aug 17, 1974, as the national petroleum corporation wholly owned by the Malaysian Government, vested with the ownership and control of the country's entire oil and gas resources.

As a conduit for the Government in moving Malaysia forward in its industrialisation programme, Petronas has carried out its responsibilities of managing, developing and adding value to these petroleum resources through structured, long-term strategies and master plans designed to bring the fullest benefit to the nation.

These strategies and plans for oil, gas and petrochemical development have been formulated and implemented by Petronas, guided by its corporate mission and vision, to support the country's Industrial Master Plan in line with the national development policies of the Government.

One of the most impressive achievements from these industrial development efforts is the Petronas Petroleum Industry Complex (PPIC) in Kertih.

PPIC stands as a remarkable testimony to the success of Petronas with the Government and its joint-

venture partners in developing the Malaysian petroleum industry into what it is today.

It is the engine of growth that has transformed the once small quiet Fishing village of Kertih into a thriving, competitive world-scale integrated petroleum and petrochemical industrial hub, a nucleus for Malaysia's industrialisation.

Laying the foundation

The development of the petroleum industry in Peninsular Malaysia began with the first oil production achieved off the coast of Terengganu in 1978.

It was in the same year that Petronas set up its own upstream company to directly undertake the exploration and production of oil and gas.

By doing so, it hoped to gain and nurture the know-how and expertise in petroleum exploration and production which would help develop a core of Malaysians to acquire the capability to carry out a whole spectrum of petroleum operations on its own.

This proved to be a right move.

In fewer than four years, Petronas made its first oil discovery at the Dulang Field in Terengganu's offshore.

Meanwhile, the increased momentum of exploration efforts had made it necessary to land the oil onshore to add value to the resource and generate business opportunities.

Thus, the first petroleum projects, mainly oil-based, were put on the drawing board. The initial projects established at the PPIC was an oil refinery, fully owned and operated by Petronas. This refinery in Kertih opened a new chapter in the development of Malaysia's petroleum industry.

By March 1983, the first nationally-owned oil refinery was completed and was exporting refined petroleum products.

This was followed by the commissioning of the Terengganu Crude Oil Terminal (TCOT) in November 1983.

TCOT, which took over the function of the floating oil storage tanker, *Esso Mercia*, was constructed to support offshore oil production and the Terengganu refinery.

With an initial storage capacity of two million barrels of oil, TCOT was the biggest of the four crude oil terminals in Malaysia.

While some of this crude is sent to the adjacent oil refinery, the balance is exported via two single anchor-leg mooring systems located 4km and 6km off the coast of Kertih.

From here, the crude oil finds its way to its destinations across the globe.

Refined products are exported via a single point mooring system located 2km off the coast of Kertih.

Oil and product tankers from all over the world berth in Kertih's offshore to lift the crude oil and refined products.

More importantly, the construction of these facilities was in line with Petronas' strategy to develop the basic infrastructure and facilities to attract local and foreign investors to participate in the development of the petroleum and supporting industries.

Petronas' efforts to this end were further boosted by the discovery of significant natural gas reserves, both associated and non-associated, in Terengganu's offshore.

With the support of the Government, Petronas was encouraged to come up with a master plan for the development of gas.

The plan was to support the Government's national energy policy on fuel diversification.

At the same time, the plans to harness and use natural gas have also enabled Petronas to address environmental concerns by reducing gas flaring, besides

# Dr M: Joint gas pipeline can be built on Malaysian soil

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By KAMARUL YUNUS

THE proposed US\$1.5 billion (US\$1 = RM3.80) Thai-Malaysian Gas Pipeline can be built on Malaysian territory if the original route is scrapped, says Prime Minister Datuk Seri Dr Mahathir Mohamad.

Thailand is facing problems getting the project off the ground in the face of resistance from villagers in the affected areas.

"Thailand has not indicated any alternative routes... we have an agreement with them (Thailand). If they change their stand, of course some clauses will be affected... we need to find solutions," the Prime Minister told newsmen after opening the Petronas Petroleum Industry Complex in Kertih yesterday.

He was asked what would happen if Thailand decided not to go ahead with the project.

The gas pipeline, a joint venture between Petronas (Petroleum Nasional Bhd) and PTT Plc (formerly Petroleum Authority of Thailand), is a key infrastructure for the Joint Development Area (JDA). It has been delayed because of strong opposition from local Thai residents.

Thai Prime Minister Thaksin Shinawatra had last month suggested that the pipeline's location be changed to appease villagers who fear its environmental impact.

Wire reports had quoted Thaksin as saying that the pipeline and an accompanying gas separation plant could be relocated to a sparsely populated area partly owned by the Government.

The 352km pipeline had been slated to pass through

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five villages on the Thai coast 950km south of Bangkok.

A gas separation plant and an adjacent 20,000ha industrial zone would also be developed.

But environmental activists and villagers claim water and mercury released by the gas separation plant can harm the ecology of the Songkhla Gulf.

The new location proposed by Thaksin is about 20km north of the original site. He had ordered an environmental impact study to be submitted by last month, according to an official statement quoted by *Associated Press*.

The pipeline was to have been built to connect offshore gas fields with the separation plant in Songkhla province, and from there down all the way to Kedah.

Petronas president and chief executive officer Tan Sri Mohd Hassan Marican has stressed that the national oil corporation remains committed to the project which has been delayed for over a year.

"We have several options... there are several alternatives to take delivery of gas from the Gulf of Thailand," he had said.

For example, offshore pipelines from Petronas' Lawit and Jernih gas fields in the JDA could be used.

Under a deal signed with Malaysia-Thai Joint Development Authority in November 1999, Petronas would take delivery of gas from the JDA beginning the second half of this year.