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First pipeline delivery of natural gas launched

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PRIME Minister Datuk Seri Dr Mahathir Mohamad and Indonesian President Megawati Sukarnoputri launched yesterday the first delivery of natural gas through pipeline from Indonesia to Malaysia, a project which will bring revenue worth US\$2.9 billion (US\$1 = RM3.80) to Indonesia.

The historic event, held at Tampaksiring Palace in Bali, was a result of a March 2001 agreement between Indonesia's national oil company Pertamina, its production-sharing contractor Conoco Indonesia Inc Ltd and Petroliam Nasional (Petronas).

Under the 20-year contract, natural gas will be delivered to Malaysia from the West Natuna area in the South China Sea.

The gas will be delivered from the Hang Tuah facility in Indonesian waters to the Petronas-operated Duyong Complex in South China Sea via a 96km 18-inch pipeline.

At the initial stage, some 100 million cu ft of gas will be delivered daily, and this is expected to increase to 250 million cu ft per day by 2007.

At the end of the 20-year period, more than 1.5 trillion cu ft of gas would have been sold to Malaysia.

Speaking at the launching, Petronas chairman Tan Sri Azizan Zainul Abidin said from the Malaysian perspective, the event exemplifies a strategic partnership between two national oil companies in the region.

"It is seen as a culmination of close cooperation between Petronas and Pertamina to support each other in meeting the anticipated increase in the medium- to long-term demand for energy," he said.

He added that at the regional level, the initiative marked another achievement in the implementation of the Association of South-East Asian Nations (Asean) Gas Grid. Petronas, as the organisation appointed to lead the Trans-Asean Gas Pipeline Task Force, is encouraged by the progress so far.

"Today several pipeline links have been established between various Asean countries, including between Malaysia and Singapore, Indonesia and Singapore, Myanmar and Thailand, and now between Malaysia and Indonesia," he said.

He said other projects being actively pursued include the construction of gas pipelines between Malaysia and Thailand.

"With the support of other Asean countries, Petronas hopes to hasten the pace of the project to realise the grouping's aspirations for a gas pipeline network that will ensure the security of energy supply for the region," he said.

Earlier, Petronas and Pertamina signed a memorandum of understanding (MOU) to facilitate the conclusion of a gas sales agreement from south Sumatra to Malaysia.

The agreement, expected to be concluded by the end of the year, will result in the supply of 300 million cu ft of gas per day to Malaysia for 20 years. Delivery of gas is scheduled for early 2005.

The signing of the MOU by Petronas president and chief executive officer Tan Sri Hassan Merican and Pertamina's president director Baihaki Hakim, was witnessed by Mahathir and Megawati.