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Mahathir-Exxon

WORLD'S BIGGEST OIL COMPANY CREDITS PM FOR INVESTING IN MALAYSIA

By: Azman Ujang

KUALA LUMPUR, June 12 (Bernama) -- The world's biggest oil company has given credit to Prime Minister Datuk Seri Dr Mahathir Mohamad for its decision to invest over RM45 billion in Malaysia since the 1970's.

Chief executive officer and chairman of ExxonMobil Corporation Lee R. Raymond said that for most of the last 23 years that the company had been involved in the upstream activity in Malaysia, Dr Mahathir had been the country's chief executive who had made it attractive for it to develop Malaysia's oil and gas resources.

"I believe if he had not set those policies, I would say we wouldn't have been here because I would not know what those policies would have been," he told Bernama in an interview here.

He said that Malaysia's policies with Dr Mahathir at the helm had made it mutually beneficial for ExxonMobil and Malaysia to develop these resources.

"And I have to give credit to the prime minister for having the foresight to do that," said Raymond, who in his position could be described as one of the world's most powerful men.

He said that Malaysia's tax policies and the stability that Dr Mahathir's leadership brought about were the key to ExxonMobil's continued confidence in the country.

"If we hadn't had the confidence in the stability, in the demonstration of stability, we wouldn't just continue to make those kinds of investments. Prime Minister Mahathir brought stability to the tax system, to the legal system, to the environment that we operate in," he said.

Asked if there were factors that distinguished Malaysia from some other countries that ExxonMobil operates in, the CEO said: "Some places are slightly different than others but I think the fact we have continued to be here and continued to invest for all these years indicates the level of confidence in the country and its ability to be our partner".

He admitted however that the terms of Malaysia's production sharing contracts (PSCs) with foreign oil companies prospecting for oil in the country were tough, but added that the PSC terms should not be looked at in isolation.

"I think they are tough...but it seems to me that you can't look at the PSC terms in isolation. I think you have to look at them relative to the quality of the resource that may be available".

Raymond said that what the right terms were when ExxonMobil discovered the Tapis fields off Terengganu waters in the 1970's might not be the right terms when exploring for oil today in Malaysia.

ExxonMobil operates 600 wells in the country and accounts for almost half of its oil production, producing 280,000 barrels of crude oil daily and 1.4 billion cubic feet of gas.

"Because the big fields have been found and now we are looking at much smaller, and I think if you look around the world, the opportunities become smaller and smaller in size. The tax structure is usually modified to accommodate the fact that the opportunities are smaller.

"So my point is you can't look at the PSCs in isolation, it's relative to the opportunity that they have to be put together to match. And if you don't do that, then ultimately people are not going to explore and you are not going to find oil and gas," he said.

Raymond however refused to say what areas in Malaysia's PSC terms that

were needed to be reviewed to make them even more attractive to foreign investors, saying "it is not my job to negotiate these terms".

He also spoke of the key role played by ExxonMobil in developing technology that helped discover new oil reserves -- thus adding to world's known reserves -- despite oil being a depleting resource.

"It's true that the world's reserves seem to get bigger and bigger and the biggest reason is technology. It's the change that has happened in looking for oil and gas. If I go back to when I first worked for the company, it's not possible to imagine the kind of technology that is in place today for the development of oil and gas," said Raymond, who joined the Houston-based oil giant in 1963 as a production research engineer.

The mega merger of Exxon and Mobil took place in 1999 to form the world's biggest oil company. At the time of merger, it became the No 1 company on the Fortune 500 List of world's top companies but has since been pipped to the second spot by Wal-Mart, the largest supermarket chain in the United States.

Exxon-Mobil produces more than four million barrels of oil per day from about 30,000 wells in 25 countries, with revenue last year at US\$57.3 billion (RM217 billion), slightly larger than Malaysia's total gross domestic product (GDP).

He said that the merger between the once rival companies was in line with Exxon's constant focus on improving efficiency and reducing costs of manufacturing, selling and distributing its products.

Some 17,000 jobs were cut following the merger.

Raymond told the seneth Asia Oil and Gas Conference here on Monday that ExxonMobil had been able to bring much benefits to Malaysia and Malaysians.

"Here, as in all countries where we invest, our aim is to become a part of the local landscape. We hope to be seen as a company that is deeply imbedded in the culture and the economic framework of each country where we work," he said.

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