

## **Sarawak gets raw deal from Petronas, says PKR**

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Petronas and the federal government have given Sarawak a raw deal in oil and gas participation compared to what is being given to Sabah, said Sarawak PKR Vice-chairperson See Chee How.

“Obviously Sabah has outwitted Sarawak in asking for production sharing contracts (PSCs),” said See who is the Batu Lintang assemblyperson at a media conference in Kuching today.

He said that Sarawak is now lagging behind Sabah in developing upstream petroleum projects with the awarding of two-production sharing contracts (PSCs) in Sabah to the consortium of SapuraKencana Energy Sabah Incorporated, M3nergy Berhad and Petronas Carigali Sdn Bhd.

SapuraKencana Energy Sabah Incorporated (SKESI) which holds 70 percent interest in the joint venture, is a wholly owned subsidiary of SapuraKencana Petroleum Bhd, while M3nergy Berhad, a Sabah government owned company, has 25 percent participating interests.

Petronas Carigali Sdn Bhd owns the remaining five percent shareholding, he said.

See added that the two PSCs involving the exploration, development and production of petroleum from the fields identified and known as SB331 and SB332, are described as the first in the country without foreign shareholding and without a foreign company operating the fields.

The PSCs, which are for a period of 27 years commencing on 20 Nov, comprise three years for exploration, four years for development and 20 years for production, said the PKR leader.

Most significantly, he said, the Sabah government through its wholly-owned oil and gas company M3nergy Berhad, has made headways with their direct interests in the upstream petroleum projects and increased its participation in the oil and gas industry.

“While we have taken a small step forward, after the historic state assembly resolution to demand an increase in petroleum royalty to 20 percent, the Sabah state government has achieved a giant step forward,” he said.

He added that Sarawak Chief Minister Adenan Satem (left) had in his winding up speech last month, said that Sarawak would no longer be satisfied to be a spectator in the oil and gas projects in Sarawak, but it wanted to be a participant.

In this, Adenan revealed that Petronas was allocating baseline value of RM2.1 billion worth of the contracts to Sarawakian-owned companies.

“We should not be contented with just securing contracts and subcontracting works if we are serious about being participants and not spectators,” said See.

#### Significant discovery

Pointing out that SapuraKencana Energy (SKE) this year had completed its five wells drilling campaign in Sarawak, See said that they had made a significant gas discovery known as the Teja -1, Gorek-1, Legundi-1, Larak-1 and Bakong-1 wells, finding more than three trillion standard cubic feet of gas. The company would carry out another five wells exploration campaign next year.

See said that the upstream petroleum and gas development project under the SK408 production sharing contract (PSC) involves a block with an area of approximately 1,729 sq miles located in shallow waters about 74 miles off Sarawak.

According to See, the PSC was awarded to the consortium of SapuraKencana Energy Sarawak Incorporated (40 percent shareholding), Petronas Carigali Sdn Bhd (30 percent) shareholding and Sarawak Shell Bhd (30 percent shareholding).

“Do not be deceived or misled by the word ‘Sarawak’ appearing in the names of those companies, Sarawakians own absolutely nothing in these business entities,” he said, pointing out that SapuraKencana Petroleum, Bhd also owns stakes in several other PSCs in Sarawak.

“In view of the participation of Sabah State-owned M3nergy Berhad in the two PSCs, our Sarawak State Government must be resolute and more aggressive to ask for shares of equity and direct participation in the upstream petroleum PSCs involving the exploitation and production of oil and gas and related products in Sarawak,” he said.

He Sarawak should demand for such equity holdings through the state-owned sovereign wealth fund (SWF) in the PSCs that are to be awarded, and those that are up for negotiation for extension of their time.