

Petronas: Brunei invited us to develop Block L and M
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Petronas said today it was invited by Brunei to develop two offshore exploration areas formerly owned and designated by Malaysia as Blocks L and M on a commercial arrangement basis.

In a statement, state petroleum firm said it had set up a team and had begun negotiations with Brunei to work out the terms for the development of the two areas, now known as Blocks CA1 and CA2.

miri brunei limbang lawas highway 270609"Both parties are committed to arriving at a mutually beneficial arrangement as soon as possible," Petronas said in a statement.

In the four-paragraph statement, the national oil company said the arrangement was made following the Exchange of Letters between Malaysia and Brunei on March 16, last year.

"This Exchange of Letters was a culmination of a long-standing issue between the two countries to arrive at a mutually beneficial arrangement, which allowed Petronas to enter into new production sharing contracts for both blocks," it said.

It also said that following the Exchange of Letters, the production sharing contracts covering Blocks L and M, which were awarded in 2003 to Petronas Carigali Sdn Bhd and Murphy Sabah Oil Co Ltd, were formally terminated on April 7 this year as these blocks were no longer a part of Malaysia.

Blocks L and M were redesignated as Blocks CA1 and CA2 respectively, it said.

Deal approved by the cabinet

Former prime minister Dr Mahathir Mohamad (right), in a blog posting on Thursday, had questioned why his successor Abdullah Ahmad Badawi surrendered Blocks L and M to Brunei in exchange for Brunei dropping its claims to Limbang, a strip in Sarawak that has been the subject of a dispute between the two countries.

Abdullah Ahmad Badawi meets the king to resign as PM Mahathir said the loss could cost Malaysia at least US\$100 billion (RM320 billion), and noted that Brunei denied Abdullah's assertion that it had dropped its claims to Limbang.

Abdullah (left), however, who signed the Exchange of Letters, said that the land and sea agreement with Brunei was approved by the cabinet and that Malaysia would be allowed to participate in joint development of oil and gas on commercial basis in the two areas for a period of 40 years.

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