



**Petronas plans to change crude price formula**  
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Petronas is reviewing its crude price formula, paving way for a change for the first time in eight years, industry sources said today.

The move comes after two other Southeast Asian producers Vietnam and Indonesia said they planned to review their price formulae, abandoning volatile local benchmarks in favour of European bellwether Brent to price their crudes.

Local markers suffer from low liquidity due to production decline at mature fields, with prices frequently diverging from global benchmarks, traders and analysts had said.

Petronas has been using 100 percent Tapis prices from the Asian Petroleum Price Index (APPI) since 2002.

The company has sought feedback from market participants to change the formula to 25 percent Tapis APPI and 75 percent of prices from Japan's RIM and Platts.

Other benchmarks such as dated Brent and Dubai, which have higher liquidity, may be considered.

Petronas has, on some occasions, sold Malaysian crude on dated Brent basis. This week, it sold November-loading spot Kikeh and Miri crudes on dated Brent prices, traders said.

Vietnam has planned trials to price spot sales of its crude on a dated Brent basis, while Indonesia will re-evaluate its formula by year-end.

Wide price swings forced Seapac Services to revise the formula used to derive the APPI from June 1 after market players shunned the Southeast Asian sweet crude marker.

Australia and Papua New Guinea led the way, pricing most crude and condensate on Brent after a gradual shift from APPI in 2009.

- Reuters

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