

Petronas denies world-sized oil discovery
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Exploration activities conducted by Petroliam Nasional Bhd for more than 100 years in the country, have shown that it is unlikely to find oil fields which are world-sized or world class, the national oil company says.

Refuting recent claims by Gua Musang MP Tengku Razaleigh Hamzah that Petronas had made a "very big discovery of an oil field, probably the biggest in the world", a company official said that available technical data showed that such discoveries were unlikely to take place both in Malaysia and the region.

"We can continue to find small and medium sized fields in the region, but we don't hope to be able to find world scale discoveries," Petronas vice-president for exploration and production business, Ramlan A Malek, told a media briefing.

petronas dap memo 040805 logoHe said that in the past, exploration had been conducted and focused in shallow water and onshore areas, with the remaining shallow water prospects considered small and medium-sized.

"The focus now is within deepwater and deeper reservoir, of which significant sized prospects remain and are yet to be fully explored but that require huge investment and technology breakthrough," he said.

Ramlan said Petronas oil and gas exploration activities were conducted in three areas - onshore Sarawak; shallow waters off Terengganu, Sabah and Sarawak; and deepwater areas mainly in Sabah and Sarawak.

Most of the wells drilled are in shallow waters, while shallow and onshore areas are considered matured areas as they had been well explored in the past, he said.

Recent findings in shallow waters were of medium to small sized, he said.

"There are bigger finds in the deep waters, and we are still exploring. These are in the region of 50 to 500 million barrels. We don't consider this size to be world class or extensive tracts of oil.

oil world market 141008 04"It is the general view that the world-sized field is five billion barrels or more. A billion barrel is big, but not world size. Similarly gas fields, we continue to discover fields of small to medium sizes," he said.

He said the latest oil find, which is of world size is in the deep waters of Brazil, with a production of 528 billion barrels of oil, which is 10 times the size of the oil field discovered in Malaysia or in the region so far.

Going forward, he said Petronas will focus on deep water exploration.

To date, Petronas had made two oil discoveries - in deep waters of Kikeh, in Sabah in 2002, with production in late 2007; and Gumusut/Kakap in offshore Sabah in 2004, with the field targeted to produce oil in late 2011.

"We continue to drill an average of 30 wells per year. However, based on technical data, we

don't expect to find a world-sized discovery," he said.

On claims by Razaleigh that the "big discovery" could depress the oil price, Ramlan said many factors affected the global prices, such as demand and capacity. "In our view, we are not in a position influence prices."

He said Malaysia's current oil production of 600,000 barrels per day, is less than one per cent of the total world oil production. "This will not likely affect global crude oil prices as there are many influencing factors."

Petronas not hiding facts

On execution of projects, he said decisions were based on technical and commercial consideration by Petronas.

On exploration activities abroad, he said that even in Petronas areas of operation, such world-sized oil field had not been discovered.

At present, Petronas operates in 30 countries, among others Sudan, Ethiopia, Cuba and Mozambique. "We will participate as a minority equity partner in Greenland, which is north of Canada and Norway," Ramlan said.

He also said that there was no question of Petronas hiding the facts from the public.

He said exploration and production activities carried out in Malaysia were based on proposals submitted by its production sharing contractors (PSCs), as agreed by Petronas.

"A review of results and progress are well reported to various stakeholders, internally within Petronas through management committee and board of directors discussion," he said.

Externally, he said, Petronas reports to the government via periodical reporting, that is to the prime minister monthly, quarterly report to the Malaysian Industrial Development Authority (MIDA) and annual statistics survey by Bank Negara and the Statistics Department.

"PSCs which are mostly international players are also obligated to report their activities to their shareholders or regulatory bodies. Exploration activities involved many parties including service companies and any results would be known by most parties."

Despite the average sized of fields found, he said, Malaysia continued to attract foreign investors, and "our achievement and progress in exploration has been quite healthy".

"We continue to promote exploration in this country and continue to have encouraging interest by other international oil companies." There are a total of 74 PSCs in Malaysia.

Said Ramlan: "We are still positive as far as exploration activities are concerned. They (foreign oil companies) are also aware what size can be expected to find in this country based on the data."