

Kelantan govt files oil royalty suit against Petronas
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KUALA LUMPUR - The Kelantan government has sued national oil corporation Petronas for alleged breach of contract and demanded that the national oil corporation honour the petroleum agreement signed between them in 1975.

The summon was filed at the High Court Commercial Division Registry here by Messrs Tommy Thomas at 9.30am Monday.

The plaintiff named Petronas as the sole defendant.

The state government, among others, is seeking an order to compel Petronas to make full and truthful disclosure of all facts relating to cash payments payable to Kelantan, including for the period when petroleum was produced, found or obtained off the coast of Kelantan; areas or blocks from where petroleum was found and obtained; and the total sum of cash payments that should be paid to Kelantan.

The state government also demanded that all outstanding cash payments determined by the court must be paid within one month of the court order.

In addition, Kelantan is also seeking an order that all future cash payments, for petroleum produced off its coast as stipulated in the petroleum agreement, shall be paid to the state by Petronas.

The state government is also seeking five other reliefs including in terms of damages and costs.

The originating summon did not specify the total amount of the claim sought from Petronas.

In its statement of claim, the state government explained that the Kelantan Petroleum Agreement signed on May 9, 1975 clearly stated that Petronas should pay in cash five per cent of oil revenue either from exploration onshore or offshore.

It said that a clause of the agreement stated that the payment should be made in cash twice a year on or before March 1, or on or before Sept 1.

The state government also said that Clause 3 of the agreement stated that the payment should continue until the oil deposit obtained from the state had been exhausted.

The state government also explained that ownership of petroleum resources and special rights were not a privilege for exploration by Petronas without giving any reward or compensation to the state.

Immediately after the suit was filed, Kelantan Menteri Besar Nik Abdul Aziz Nik Mat, state executive councillors and about 200 supporters held a solat hajat (prayer of need) at the nearby Federal Territory Mosque.

In a brief statement to the media, Nik Aziz said as head of the state government, it was "wajib" (obligatory) for him to protect the state assets by whatever means including through negotiation or legal action.

About 50 policemen guarded the Jalan Duta Court Complex since 8am. — Bernama

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