

M'sia set to be global deepwater oil player

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MALAYSIA is set to become a serious global deepwater oil player with about 1.3 billion barrels of oil discovered from deepwater sites.

This deepwater oil reserves includes the Kikeh oilfield, off Sabah. This first deepwater discovery in Malaysia in 2002 by Murphy Oil

Boom to trigger spillover effects

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marks a milestone in the nation's venture in deepwater development.

Maritime Institute of Malaysia (MIMA) research fellow Nazery Khalid said Kikeh with an estimated recoverable reserve base of 400 million barrels of oil, is expected to come on stream in the middle of 2007, while the Gumusut-Kakap fields should be pumping by 2010 and Malikai by 2012.

Nazery said Malaysia's deepwater oil sector was expected to contribute a quarter of the national oil output by 2015.

Malaysia currently ranks 24th in terms of world oil reserves and 13th for gas, with oil reserves of 4.84 billion barrels and natural gas reserves of 89 trillion cubic feet.

Presently, Malaysia produces about 750,200 barrels of oil per day and five billion cubic feet of gas per day.

"Malaysia has an offshore exploration area of about 600,000 sq km containing about 60 blocks and is the first country in the ASEAN region to develop deepwater exploration," he said, adding that with the discovery of several local deepwater sites in recent years, Petronas, the national oil company, was leading the thrust of deepwater developments in Malaysia.

"It is expanding its reaches from traditional brown field sites to find and produce more oil in the nation's deepwater basins," he said, adding that the spate of discoveries had proven that the waters off Malaysia were fertile grounds for deepwater exploration.

"Much of them have seen only the early stages of exploration and it is projected that there will be plenty more deepwater activities, as they move into the development stage. With eight deepwater fields to be developed from 2010 to 2013, Malaysia is poised to see a

slew of activities in this field.

"The deepwater development boom will trigger a positive spill-over effect in supporting services activities, subsequently creating employment in the field and boosting the oil industry's growth all-around," he said.

In line with the national depletion policy, Nazery said Malaysia advocated the exploitation of its natural resources in a sustainable manner.

"This is despite strong demand from local and international markets for its energy resources and the current high prices of energy. This policy continues to drive Petronas to explore oil and gas beyond the traditional areas, including deepwater areas.

"It is to Petronas' credit that the production level has been kept steady through the conceptualisation and execution of major projects through innovative and cost-effective developments of such technically challenging sites," he said.

In overcoming the challenges presented by deepwater development, Nazery explained Malaysia has to be as competitive as other international oil majors in developing adequate and technological resources.

"Needless to say, it needs to be at the forefront of technological advancement and to put in place skilled resources not only to operate in the challenging deepwater environment at home but to compete with others in bidding for contracts overseas," he said.

He said the importance of providing adequate support services in shoring up Malaysia's ambitious development plans could not be overemphasized.

"Sufficient offshore service vessels (OSV) of the right capabilities must be in place to support deepwater ventures," he said.

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