

PETRONAS TO HONOUR CONTRACTS

National oil firm and Sarawak's Petros to proceed as partners, says PM

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PETRONAS will continue to honour all contractual obligations, both domestically and internationally, said Prime Minister Datuk Seri Anwar Ibrahim yesterday.

This is despite the forthcoming role of Sarawak's state-owned oil company, Petroleum Sarawak Bhd (Petros), as the sole gas aggregator in the state.

He said that in line with the government's aspiration to support Sarawak's involvement in the oil and gas industry in the state, Petronas and Petros would work as partners to safeguard the interests and benefits of the nation and Sarawak.

"This is one of the agreements reached between the federal and Sarawak governments, in the spirit of federalism and in accordance with the Malaysia Agreement 1963.

"To support Sarawak's ambition to engage in the oil and gas industry within the state, Petros will act as an aggregator for Sarawak.

"This role is outlined in the Distribution of Gas Ordinance 2016 (DGO), which takes effect on March 1 alongside the Petroleum Development Act (PDA) 1974."

He said this during the minister's explanation session in the Dewan Rakyat.

Anwar said this role reaffirmed prior approvals granted to Petronas and its subsidiaries.

Under the DGO, Petros is guaranteed access to up to 1.2 billion



Prime Minister Datuk Seri Anwar Ibrahim

cubic feet of natural gas per day to meet Sarawak's domestic needs, with additional supplies available as required.

Petros will have the authority to expand its activities and collaborate with Petronas.

Petros has been the sole gas aggregator for Sarawak since Feb 1 last year, following amendments to the state's DGO in 2016.

Last month, Anwar confirmed that the issue of gas distribution rights between Petronas and Petros had been resolved after his meeting with Premier Tan Sri Abang Johari Openg.

He said that the Petroleum Development Act (PDA) 1974 would remain the overarching framework for governing the nation's oil and gas industry.

"The Sarawak Distribution of Gas Ordinance 2016 will not supersede the Petroleum Development Act 1974, the federal constitution or other federal laws."

Anwar, who is finance minister, stressed the importance of formalising the collaboration between Petronas and Petros to ensure sustained growth and adherence to federalism.

He acknowledged that Petronas had been a global leader in

the petroleum industry and a significant revenue generator for nearly half a century.

However, with the emergence of Petros, he emphasised the need to strengthen mutual understanding.

Consequently, both companies will proceed as partners, ensuring the protection of Sarawak's and the nation's interests, he added.

"All further detailed negotiations will maintain shared benefits and interests, adhering to commercial principles.

"This is the agreement that has been reached," he said.

Anwar said that slight adjustments were made to reflect Sarawak's growing contribution to the oil and gas industry and to recognise Petros' role in driving the state's growth.

Highlighting the significant impact of Sarawak's oil and gas sector, he said that investments in upstream activities and infrastructure had exceeded RM50 billion since 1976.

"An estimated RM90 billion in contracts have been awarded over the past decade, from 2014 to 2024.

"Additionally, Sarawak has secured more than RM40 billion in contracts through vendors during this period.

"Financially, Sarawak has seen remarkable returns, with cash payments totalling RM49 billion up to December last year and sales tax revenue amounting to RM18.66 billion by the third quarter of 2024.

"Dividends of RM28.6 billion have also been earned through the State Financial Secretary of Sarawak's shareholdings in the MLNG group of companies."

Meanwhile, Anwar praised Petronas for its significant contribution to human capital development in Sarawak.

He said that the company had invested more than RM600 million in educational and training initiatives over the past 10 years.

He said that Petronas' support

SALIENT POINTS FROM PM'S STATEMENT

1 Petroleum Sarawak Bhd's (Petros) role as Sarawak's gas aggregator, as outlined in the state's Distribution of Gas Ordinance 2016 (DGO), will come into force on March 1, but must be read together with the Petroleum Development Act (PDA) 1974.

2 Both the federal and Sarawak governments recognise the PDA as 'a federal Act, as stated in the provisions of the law'.

3 Under the DGO, Petros is guaranteed access to up to 1.2 billion cubic feet of natural gas per day for Sarawak's domestic needs, with additional supply based on future requirements.

4 Petros is also authorised to expand its activities and collaborate with Petrolim Nasional Bhd (Petronas).

5 Petronas will retain all its existing domestic and international contractual obligations in Sarawak.

6 Petronas and Petros will move forward as partners to safeguard the interests and profits of both the nation and Sarawak.

had been pivotal in the nation's economic development, owing to the strong collaboration between the federal and Sarawak governments.

"As we continue to develop Sarawak's oil and gas industry, we remain committed to ensuring that Petronas and Petros work together in the best interests of the nation and the state."