

Update Petronas, partners in RM15b project
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By Joseph Chin

KUALA LUMPUR: Petroliam Nasional Bhd and its production sharing partners are embarking on a RM15 billion project to extract gas from fields off Peninsular Malaysia which also includes a new 200km pipeline.

Petronas said on Tuesday, Aug 23 the project comprises of nine discovered gas fields within Blocks PM301 and PM302 and in the Bergading contract area, about 300km off the coast of the peninsula.

"It will also involve the development of a new 200km pipeline to transport gas from the fields to Kerteh, Terengganu. The project is estimated to cost RM15 billion," it said.

Petronas and its PSC partners are undertaking the project on an accelerated basis. First delivery of 100 million standard cubic feet of gas per day (mmscfd) is expected by early 2013, ramping up to 250 mmscfd by 2015.

The new upstream project to develop and produce gas reserves from the cluster of discovered gas fields is called the North Malay Basin project

It is one of the new initiatives by Petronas and its partners to extract and evacuate gas with high carbon dioxide content as well as reserves from marginal fields to meet gas demand in Peninsular Malaysia.

Petronas said the development of the North Malay Basin project follows the recently introduced incentives by the government, particularly to develop marginal fields, high carbon dioxide gas fields and fields located in the high-pressure, high-temperature (HPHT) conditions.

"The gradual revision of gas prices to domestic customers, as recently announced by the government, also makes the project more economically feasible for industry players," it said.

The additional volume of gas from the North Malay Basin project is expected to enable Petronas sustain supply to its customers in Peninsular Malaysia.

Petronas explained in recent years, gas demand increased by more than 30%, buoyed by the introduction of regulated prices in 1997 that has lagged concomitant increases in market prices.

It pointed out the downside to these subsidized gas prices resulted in minimal investments in the exploration and development of gas projects by oil and gas players, constraining growth in supply capacity.

This tight situation had forced Malaysia's offshore production facilities to run at full capacity, exerting tremendous pressure on gas production systems and resulting in the unavailability of margin to absorb fluctuations in gas demand as well as to cater to unanticipated situations.

"The North Malay Basin project is being implemented with improved commercial environment following the newly introduced incentives.

"The project, which entails numerous upstream commitments, is expected to encourage more investments by the industry players and spur exploration activities that could lead to sizeable discoveries offshore Peninsular Malaysia," it said.

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