

**Court blocks Kelantan bid for Terengganu documents in oil royalty suit**  
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PUTRAJAYA, April 26 — The Kelantan government was denied by the Court of Appeal today details of Petronas' oil royalty payments to neighbouring Terengganu and other states to back its arguments to recover up to RM800 million annually from the federal government.

The court dismissed Kelantan's bid to obtain details about the national oil company's dealings with different states which was described by the PAS government's lawyer Tommy Thomas as crucial to compare payment methods.

Kelantan's dispute with Putrajaya has come under focus again after Terengganu recently decided to drop its own claim for oil royalty payments.

Petronas had signed a profit-sharing deal shortly after being incorporated in 1974 where the states of the federation receive five per cent in royalties for fossil fuel discovered in their territories and sold by Petronas.

But when Terengganu fell to PAS in 1999, then Prime Minister Tun Dr Mahathir Mohamad ordered Petronas to rescind oil royalties in September 2000 on the grounds that the opposition party did not have the ability to manage the funds of over half a billion ringgit annually.

Datuk Seri Abdul Hadi Awang's administration filed the suit in March 2001, insisting the federal government's orders were illegal as the state's agreement was exclusively with Petronas.

The case has not proceeded significantly and in 2009, Putrajaya decided to reinstate the royalty payments to the state which had already returned to BN rule.

But the east coast state still demanded RM2.8 billion in compensation for the nine-year lapse, rejecting the federal government's offer of RM1.7 billion.

Terengganu received RM7.13 billion in royalties for the 22 years up to March 2000 when Petronas halted the payments.

Kelantan had been trying to rely on Putrajaya's dealings with Terengganu to shore up its case for direct payments which some opposition politicians alleged was being denied for political reasons.

"We see no reason to interfere in the decision... therefore the appeal is dismissed," Court of Appeal judge Datuk Ramli Ali said after hearing lengthy submissions from lawyers representing the Kelantan government as well as Petronas. Also on the Bench were Datuk Clement Allen Skinner and Datuk Lim Yee Lan.

The court also ruled that the state's current suit against Petronas should be heard and disposed of by way of issues of law, in effect upholding an earlier High Court ruling on the matter.

The Kelantan government had appealed today to obtain documents from Petronas relating to oil royalty settlement agreements of other states as well as whether the suit should be settled by issues of laws without going for a full trial.

Petronas as well as the federal government had earlier this year applied for the High Court to determine the suit on issues of law under Order 14A of the Rules of the High Court 1980 and Order 33 of the same rule without going for a full trial. Justice Datin Zabariah Mohd Yusof ruled in their favour, which led to Kelantan's appeal on this decision.

Thomas had earlier argued that it was crucial for Petronas to provide Kelantan with the necessary documents to compare payment methods for oil royalties in different states.

Of particular interest, said Thomas, were the terms of Petronas' settlement with Terengganu following the state's decision to drop its RM2.8 billion oil royalty suit against Petronas and Putrajaya.

"We need details of the settlements...we want to call witnesses to say how (other states) agreements are (not) different from our (Kelantan's) agreement.

"Terengganu is proven identical to Kelantan," argued the lawyer.

Case management to fix the dates of the full trial had been set for next Monday, but the judges allowed a leave of all proceedings for the Kelantan government to file an appeal against today's decision at the Federal Court.

Tan Sri Cecil Abraham, who represented Petronas told the court that the issue at hand was merely an "interpretation of statutes".

"What does offshore mean? That Kelantan as a state in Malaysia is entitled to anything in the open seas in the economic zone?

"Is Kelantan as a state entitled to whatever is found in the high seas?" he asked.

The federal government has maintained that it would only be according the state "compassionate payments" and not oil royalty, citing the fact that Kelantan had no rights to these as the oil reserves were beyond three nautical miles of the state's shores.

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