

**Najib requests for Kelantan rep to discuss oil royalty issue**  
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**By Thanusya Shanmuganathan**

KUALA LUMPUR, August 4 — Prime Minister Datuk Seri Najib Razak has written to Kelantan Menteri Besar Datuk Nik Aziz Nik Mat requesting for a state representative to discuss oil royalty payments for the state, PAS' Harakah Daily reported today.

Nik Aziz told the daily that the letter was received by his personal secretary Rosdi Mohamad.

However, he said state officials will consult the Kelantan Sultan before deciding to send his representative.

Najib announced today the formation of a special committee to review cash payments from petroleum revenue to states in the east coast within six months before making suggestions to the federal government.

According to national news agency Bernama, the committee will be chaired by former Chief Justice Tun Abdul Hamid Mohamad.

Members of the committee will include local and foreign law experts, as well as representatives from Pahang, Kelantan and Terengganu approved by their respective Sultans.

Najib also added the committee will conduct research to identify qualifying states to receive cash payments from oil resources in the East Coast.

Petronas signed an agreement with Kelantan state government regarding oil royalty payment. As constituted by Section 4 of the Petroleum Development Act 1974, Petronas is entitled to pay the state government, annually, 5 per cent from total value of petroleum extracted in Kelantan.

When Terengganu went to PAS in 1999, former Prime Minister Tun Dr Mahathir Mohamad ordered Petronas to stall the royalty payment in September 2000.

The royalty was then paid as courtesy money of which, the opposition and several Barisan Nasional (BN) politicians claimed was misused for large-scale projects such as the Monsoon Cup and Crystal Mosque.

In August 2010, Kelantan, also governed by PAS, had filed a summon towards Petronas for failing to pay royalty for oil and gas in its waters.

Najib made a statement today that "legally, the Kelantan state government is not qualified to claim any payments for oil produce."

The state only has rights to claim payment for oil produced within its straits, which is situated not more than three nautical miles away from the state's beach coast.

“At the moment, no petroleum extraction can be done in the straits of Kelantan. Thus, legally Kelantan state government is not qualified to claim any payments for oil produce,” Najib said in his letter.

Najib also stated the federal government always gives priority to needs of the people by opening doors to negotiations but at the same time it cannot defy the laws.

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