

**THE CEREMONY FOR THE SIGNING OF THE HEADS OF AGREEMENT
(H.O.A) ON THE GAS SALES AGREEMENT FOR THE JDA GAS
SONGKHLA, THAILAND, 22 APRIL 1998**

It gives me great pleasure to be here today to witness the signing of the Heads of Agreement (H.O.A.) on the Gas Sales Agreement for the gas to be produced from the Malaysia-Thailand Joint Development Area. It was almost twenty years ago when the idea to jointly develop the hydrocarbon resources in the overlapping Joint Development Area or J.D.A. was first mooted. Even though it took some time for the two countries to resolve and agree on an appropriate arrangement to jointly exploit the hydrocarbon resources in the J.D.A., steady progress has been achieved along the way, especially after the Production Sharing Contracts for the Blocks in the J.D.A. were awarded in 1994. I have been made to understand that substantial gas reserves, amounting to some 10 trillion cubic feet, have been discovered in the J.D.A., making it viable to proceed with commercial development and production.

2. The signing of the H.O.A. today therefore represents a significant milestone with regard to the progress and development of the J.D.A. which is the first of such a unique joint cooperation between two countries based on a win-win concept. While this key development would further strengthen and enhance the bilateral relationship between our two nations, it will also stand out as a precedent that such approach is indeed workable as a means to resolve territorial disputes.
3. The signing of this agreement marks the commencement of an integrated development of the J.D.A. project where gas production will commence by mid-2001. The natural gas from the fields offshore will be landed onshore through a pipeline for processing by a Gas Separation Plant (G.S.P.) in Songkhla for use by the end- users in the power, industrial, commercial as well as residential sectors. These infrastructure development projects, namely the pipeline project to be known as Trans-Thailand-Malaysia Pipeline System (T.T.M.) and the G.S.P. will be jointly developed and operated by the Petroleum Authority of Thailand (P.A.T.) and Petroliam Nasional Berhad (PETRONAS).
4. Offshore, the T.T.M. pipeline will be extended from Songkhla and connected to the Peninsular Gas Utilisation (P.G.U.) pipeline at Changlun in Kedah, marking another major step towards realising the trans-ASEAN Gas Grid project. Indeed, Malaysia's P.G.U. project has provided the building block for the realisation of the trans- ASEAN Gas Grid project and the T.T.M. pipeline project will certainly serve as the much needed and awaited linkage to bring the ASEAN Gas Grid project into reality.
5. The unfolding of events over the last several months has demonstrated and emphasised the inter- connection and inter-dependency of economies in the region, especially among ASEAN member countries. Today, this inter-dependency has become even more critical as we join our efforts to overcome the challenges we are facing. In this regard, the joint cooperation by our two national oil companies to undertake this integrated project is certainly timely and

welcomed to provide an additional impetus to revitalise the economies of Thailand and Malaysia which have been affected by the regional economic and financial crises. This spirit of joint cooperation, which also comes under the Indonesia- Malaysia-Thailand Growth Triangle framework, stands as a testimony to the "prosper-thy-neighbour" philosophy we have been advocating.

6. The implementation of this project will serve as a catalyst for industrial development in Southern Thailand and the Northern part of Malaysia. As proven in Kertih in Malaysia, the establishment of the necessary infrastructure will attract investments, both local and foreign, especially in the related downstream industries which will help to transform Southern Thailand and Northern Malaysia into a new industrial and commercial area. Concurrently, this development will generate employment opportunities which will particularly benefit the peoples in Southern Thailand and Northern Malaysia.

7. A large and important infrastructure project of this nature would certainly require close cooperation and coordination by and between the relevant authorities of the two countries to ensure its smooth implementation. I would like to take this opportunity to call upon the relevant authorities of both Governments to extend their support and cooperation to the project for the benefit of the people of our countries.

8. To conclude, I would like to congratulate all the parties involved for their efforts and contributions towards materialising this project. I hope this spirit of co-operation and mutual understanding will continue to prevail in the course of the implementation and operation of the project and wish the project every success.