

**DATO' SRI MOHD NAJIB BIN TUN HAJI ABDUL RAZAK  
PERDANA MENTERI MALAYSIA  
DEWAN PUTRA PERDANA, SHANGRI-LA PUTRAJAYA  
16/01/2012**

**SIGNING CEREMONY OF THE BARAM DELTA AND NORTH SABAH ENHANCED OIL RECOVERY  
PRODUCTION SHARING CONTRACTS BY PETRONAS, PETRONAS CARIGALI SDN BHD,  
SARAWAK SHELL BERHAD, SABAH SHELL PETROLEUM COMPANY LIMITED AND SHELL  
SABAH SELATAN SENDIRIAN BERHAD**

1. I am delighted to be here with you this afternoon, and so, first of all, let me express my appreciation to PETRONAS for inviting me to this important event. I am indeed heartened that PETRONAS has taken the initiative to collaborate with Shell in this landmark agreement. This timely initiative will undoubtedly enhance the continuing production of petroleum and further development and production of the nation's petroleum resources in the Baram Delta located offshore Sarawak and North Sabah located offshore Sabah, using enhanced oil recovery technology (EOR).

Ladies and Gentlemen,

2. As you are all aware, the Malaysian Government is committed towards realising our national agenda as spelt out in the Economic Transformation Programme (ETP) to make Malaysia a high-income economy by 2020. This radical shift in our development strategy is a much needed push and an opportunity for us to be at par with other high-performing Asian economies. As the largest sector in the Malaysian economy, Oil, Gas and Energy (OGE) was naturally one of the National Key Economic Areas (NKEAs) to drive the country's economic transformation in realising our stated goals.

3. The oil, gas and energy sector has been a bastion of Malaysia's growth and contributes approximately 20 percent of national GDP. With the prospect of decreasing production from a maturing asset base, we have to pursue sector-wide opportunities to reach our ambitious real annual-growth target and provide a sustainable energy platform.

4. To this end, the Malaysian Government has identified the rejuvenation of existing fields through EOR as one of the 19 Entry Point Projects (EPPs) to provide additional supplies for Malaysia's power and industrial needs and promote organic growth of the oil and gas sector.

5. In light of this challenge to sustain current production levels due to Malaysia's maturing fields, the agreement today signifies the commitment by the parties here today to intensify focus in "sweating" our hydrocarbon assets by maximising recovery through diligent reservoir management and the pursuing of EOR potential.

6. I am pleased to note that PETRONAS has always been fully supportive in driving key initiatives towards realising the Government's EPP objectives. This project is a bold undertaking by PETRONAS in using innovation to unlock greater resource potential for Malaysia.

7. I am told that the teams will also undertake joint Research and Development in the area of EOR technology. This collaborative effort certainly reflects PETRONAS' far-sightedness in tackling the changing needs of Malaysia's oil and gas landscape and the continued drive to attract investments from key players.

8. I therefore would like to congratulate PETRONAS for their courage and conviction, as Malaysia's national petroleum corporation, for its astute management and consistent efforts to add value to the nation's oil and gas resources. I am confident that this landmark undertaking will prove another significant milestone not only for the Company, but for Malaysia's development and progress as well.

9. I am happy to note that this project, the world's biggest offshore EOR project totalling some USD12 billion over 30 years, is expected to see several key benefits of national importance. This includes

the building of local capabilities in a niche technology area as well as increasing the average recovery factor in the Baram Delta and North Sabah fields from around 36% to about 50%. If realised, the technology will also be able to extend the fields' life to beyond 2040.

10. The improvement in the recovery efficiency of the oil fields is expected to positively impact Malaysia's oil reserves and will benefit the country as a whole. In addition I am told that if successful, the technology employed in the North Sabah fields could potentially lead to the world's first offshore Alkaline Surfactant Polymer (ASP) EOR project using horizontal wells.

Ladies and Gentlemen,

11. I am hopeful that PETRONAS' impeccable track record coupled with Shell's technological expertise in EOR as well as the respective parties' commitment to perform and deliver this project will bring great benefit to Malaysia's further industrial development. In this regard, I would like to assure all parties that the Federal Government is committed towards providing the fullest support and assistance to ensure the successful realisation of this initiative.

12. I would like to thank all parties for your dedication and commitment in embarking on this well-timed initiative and for successfully completing the negotiations despite the challenges. I would like to convey my heartiest congratulations to everyone who worked tirelessly to finalise this agreement. On that note, I wish you all every success.

Thank you.

Wabillahitaufik Walhidayah Wassamualaikum Warrahmahtullahi Wabarakatuh.

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