

# PETROLEUM IN MALASIA 2002

## 1. TRANS-ASEAN GAS PIPELINE (TAGP)

There had been significant increase in the number of gas pipelines in the ASEAN with total built pipelines of about 5,565 km. while some 7,000 km of pipeline length are in the planning stages.

ASEAN's domestic consumption of natural gas reached 42 million tons of oil equivalent, 71% of which was used for power generation.

The ASEAN heads of state adopted ASEAN Vision 2020 at the 2nd ASEAN Informal summit held in Kuala Lumpur on December 15, 1997. The statement called for cooperation to "establish interconnecting arrangements for electricity and natural gas within ASEAN through the ASEAN Power Grid and a Trans-ASEAN Gas Pipeline" (TAGP). In 1998, the Hanoi Plan of Action agreed on the establishment of a policy framework by 2004 to implement a Trans-ASEAN Energy Network comprising the ASEAN Power Grid and the TAGP projects. In 1999, the 17th ASEAN Energy Ministers Meeting approved the TAGP Plan of Action, which was also incorporated into the "ASEAN Plan of Action on Energy Cooperation (1999-2004)."

The ASEAN Council on Petroleum (ASCOPE) is developing an implementation plan, and has formed into four Export Working Groups to examine various aspects of the project. The groups will examine:

- "the regional energy/gas market, reserves, supply/demand balance" (led by Indonesia's Pertamina),
- "technical analyses; scheduling; and gas pipeline and power grid routing" (led by Malaysia's Petronas),
- "economic feasibility and energy/gas pricing" (led by Thailand's PTT), "institutional, legal, Financial/commercial, technical, HSE (sic) and management framework" (led by Philippines' PNOC).

The 19th ASEAN Ministers of Energy Meeting agreed to develop a TAGP Memorandum of Understanding on July 5 in Brunei.

In the other hand, APEC, in partnership with the private-sector Pacific Economic Cooperation Council (PECC), completed a year-long "APEC Natural Gas Infrastructure Initiative" which developed policy recommendations for regional

energy ministers to accelerate investment in natural gas. APEC's 18 energy ministers endorsed the initiative's recommendations at their 3<sup>rd</sup> ministerial meeting in Okinawa, Japan on October 9-10, 1998. The APEC Business Advisory Council's (ABAC) Partnership for Equitable Growth (PEG) further recommended that APEC build on the natural gas initiative with the "Asian Gas Grid" (AGG) project. APEC's AGG proposes the construction of an offshore, large-diameter pipeline connecting the existing and proposed gas networks (such as the TAGP) with major demand centres in China and Taiwan.

ASEAN's first cross-border pipeline delivers 150 million standard cubic feet per day (scf/d) from Malaysia to Singapore. The Yadana (Burma)-Ratchaburi (Thailand) pipeline, completed in 1999, and the Yetagun (Burma)-Ratchaburi pipeline, completed in September 2000 followed the Malaysia-Singapore pipeline.

Indonesia signed or implemented three deals in 2001 to pipe natural gas across national borders: the January delivery of first gas from West Natuna to Singapore's SembCorp Gas Pte Ltd.; the February signing of a gas sales agreement from South Sumatra gas fields to Singapore's Gas Supply Pte Ltd.; and the March signing of a contract to deliver gas from West Natuna to Malaysian Petronas' offshore Duyong facilities. On the horizon are projects to deliver gas to Malaysia and to Thailand from the Malaysia-Thailand Joint Development Area.

The TAGP will require cross-border connections require harmonisation of national legal and regulatory frameworks, as well gas pricing schedules. Common technical standards for design and construction, operation and maintenance, safety, etc. are also necessary.

### ***a) The Indonesian Case***

Gas Grid Plans: Indonesian state gas company Perusahaan Gas Negara (PGN) has developed a plan, the Integrated Transmission System (ITS), eventually to link the islands of Sumatra, Java, and Kalimantan via a 3,588-kilometer integrated gas pipeline. The four elements of the pipeline system (only one of which is partially complete) are:

- the Grissik/Duri pipeline connecting south Sumatra to parts north,
- the South Sumatra-West Java pipeline, comprising three separate pipelines,
- the Samarinda (East Kalimantan)-Surabaya (East Java) pipeline, the most ambitious at 1,100 kilometers, and
- the East to West Java pipeline

**Cuadro No. 1**  
**Gas Pipeline Projects Already Identified Or Planned Such As The Following:**

PIPELINE CONNECTIONS	COMMENCEMENT OF DETAILED FEASIBILITY STUDY	COMMENCEMENT	LIKELY YEAR OF OPERATION
1.Duri, Indonesia – Melaka, Malaysia	2000	2002/03	2005
2.W. Natuna, Indonesia – Duyong, Malaysia	2000	2001	2002/03
3.E. Natuna, Indonesia JDA – Erawan, Thailand	2001	2005	2012
4.E.Natuna-W.Natuna, Indonesia Kerteh, Malaysia	2001	2003	2010
5.E.Natuna-W.Natuna, Indonesia Singapore	2001	2003	2010
6.E.Natuna, Indonesia – Sabah, Malaysia Palawan-Luzon, Phillipines	2005	2008	2015
7.Malaysia-Thailand JDA Block B	2005	2009	2016
8.Pauh, Malaysia – Arun, Sumatra Indonesia	2001	2005	2010

**Fuente:** 2000, ASEAN Centre for Energy U.S. Embassy Jakarta Home Page

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