

PETROLEUM IN MALAYSIA 2004

1. PETRONAS INCREASES EXPLORATION PROGRAMS

PETRONAS, the Malaysian State company, is engaged in increasing exploration and exploitation programmes within the country and other places in the world. Its current objective on a national level is the Peninsular offshore fields as well as Eastern Malaysia.

Currently PETRONAS has 47 oil fields already in production, five of which possess crude of high quality. Malaysia currently extracts 600,000 bpd and 5 billion cubic feet of gas.

It is calculated that the Malaysian reserves are around 3.2 billion barrels of crude and nearly 87.5 trillion cubic feet of gas. With its activities outside the country, PETRONAS has accumulated its international reserves of an equivalent to nearly 3.7 billion of petrol, including the offshore reserves of the Malaysia-Thailand Joint Development Area in the Gulf of Thailand.

This area is divided up into several blocks:

- Block A-18 with PETRONAS Carigali (JDA) Sdn Bhd (subsidiary of PETRONAS Carigali), and Triton Oil Company from Thailand
- Block B-17 and Block C-19 with PETRONAS Carigali (JDA) Sdn Bhd and Carigali- PTTEP International Operating Company (CPOC).

The joint Trans-Thailand-Malaysia Oil Pipeline System project will transport gas from the MTJDA project to Changlun in Malaysia. This will be one of the key projects in the followup of the TransAsian system.

The majority of oil production is close to the Malaya Peninsula in the waters bordering Thailand, Vietnam and Indonesia.

The Truong Son Joint Operating Co. (JOC) has made a new offshore discovery in Block 46/02 in the Malaysia-Vietnam Commercial Agreement Area. JOC is property of PetroVietnam Exploration & Production Co., (40% of shares), Talisman Ltd. (a subsidiary of Talisman Energy Inc with headquarters Calgary and 30%) and PETRONAS Carigali Overseas Sdn. Bhd. (subsidiary of PETRONAS with the remaining 30%).

Furthermore Tiga (PETRONAS, Shell and Mitsubishi) is in the project with \$1.5 billion of LNG. After PETRONAS, Murphy is the company with the greatest success last year in Malaysia.

Murphy Oil discovered important deposits of crude in Kikeh, to the South of Block K. It is hoped that this block will come into production in 2007.

Apart from PETRONAS and Murphy, other foreign firms dominating the oil scene in Malaysia are ExxonMobil, Shell, Unocal, Total, Husky, Inpex, Santos, ENI, Amerada Hess, ConocoPhillips and BHP.

Shell (operator and owner of 40%) is exploring in Blocks G and J, in Sabah, in deep waters. Shell's partners are ConocoPhillips (40%) and PETRONAS Carigali (20%).

Due to industrial development, Malaysia will be a net importer of hydrocarbons in 2010.

As a way of dealing with this the oil companies are increasing their exploration work (in Sabah and Sarawak). This is also being done in other countries in the region so as to take hydrocarbons to Malaysia. Fields are being developed in Brunei, in the Peral river basin in China, in the basin at the northeast of Palawan in the Philippines, and in the Kunei basin at Kalimantan in Indonesia.

Sources: OILWATCH .- RESISTANCE Number 44 .- March 2004