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COMMENTARY 2

NEWS THIS WEEK...

Refining direction

Japan's refiners are looking at developing capacity overseas while shutting down domestic plants. Japan's downstream sector has been struggling in the face of falling domestic demand and ageing plants.

- **The country could see a 20% reduction in capacity in the next few years.** *(Page 2)*

Subsea surge

Singapore's MTQ Corp. is positioning itself to capitalise on rising demand from the offshore energy sector for subsea services, the group's CEO, Kuah Boon Wee, has told *AsianOil*.

- **The company is looking to buy a 100% of Australia's Neptune Marine Services in a bid to expand its range of niche subsea services.** *(Page 3)*

Investment ambition

The Indonesian government expects Pertamina's more than US$15 billion investment programme to transform the company into a world-class energy player.

- **The investment will fund a mixture of domestic projects and foreign asset acquisitions.** *(Page 6)*

For analysis and commentary on these and other stories, plus the latest oil and gas developments, see inside...

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Edited by Andrew Kemp

COMMENTARY

Japanese refineries look overseas for investment opportunities

The country's refiners are looking for ways to become more efficient and are shutting down unused domestic capacity while looking at overseas projects

By Mark Buckton

- **JX Nippon plans to close its Muroran refinery by March 2014**
- **Japan could see its refining capacity dip by as much as 20% in the next few years**
- **Idemitsu is looking to expand into Vietnam's downstream segment**

With the eyes of most in Japan on the December 16 general elections and the nuclear policies being put forth by the leading candidates, few, beyond those in the industry, have paid much attention to a recent JX Nippon Oil and Energy Corp. decision to close down one of its main domestic refineries located in Muroran, Hokkaido.

As part of industry-wide cuts that may see refining capacity nosedive by up to 20% in the next few years, Muroran, in many ways, looks like being the tip of the iceberg in terms of Japanese refining cutbacks.

JX Nippon announced in November that the facility in northern Japan would close by March 2014. This is, partly, a result of the country's falling demand for fuel as well as Japanese refineries that operate at less than 80% of capacity.

Indeed, when outdated equipment from the 1950s and 1960s and plants that operate at half the rate of their foreign counterparts are added to the equation the outlook only become worse.

Compound problem

These problems are further compounded by the ongoing economic lull, as millions of Japanese opt to stay nearer to home this Christmas rather than making long road trips, and as government-backed energy-saving policies kick in with the winter months approaching.

Also, the domestic motor industry dominated by Toyota, Nissan and Honda is only adding to the pressure felt by refineries up and down Japan.

Cuts in petrol demand are, ironically enough, largely a result of motor industry giants' efforts to meet public demand for more and more hybrid and fuel-efficient engines.

Throw in lower taxes on smaller engines, people reluctant to drive as much as a result of expensive tolls on domestic highways, and some of the most efficient, relatively cheap public transportation networks in the world, and the decline in demand is unlikely to change anytime soon.

However, as hard as the Muroran closure will be felt locally on Hokkaido, when coupled with a host of smaller refineries also announcing upcoming closures, Japanese companies are looking increasingly to overseas refineries to supply the country with cheaper oil products.

Unsurprising turn of events

It is thus no real surprise that the country's second largest refiner, Idemitsu Kosan, is looking to expand into Vietnam rather than at home. Japanese refineries looking for long-term survival are aiming to imitate the electronics and motor industries by moving offshore in an effort to return to profitability.

Japanese companies are looking increasingly to overseas refineries to supply the country with cheaper oil products

To this end, Idemitsu – already a 35% owner in what would be Vietnam's largest-ever refinery complex – is said to be putting the finishing touches to a deal that would help keep the fuel supply lines open whilst enabling the company to shore up operations at home.

The complex itself is set to be run by state-owned PetroVietnam and, while exact numbers have not been released on just how much and of what type of fuel will eventually make its way to Japanese shores, will at least enable Idemitsu to write off unprofitable machinery and assets in Japan.

Domestic labour costs will remain an issue for the foreseeable future, though, and may well see Idemitsu and the industry at large prefer to stay with overseas refineries in the future.

However, with increasing calls from Japan's government for more fuel self-sufficiency and increased investment into renewable energy, the oil industry may well find itself boxed into a corner.

Taxing times

The introduction of a tax on imports of oil products and LNG on October 1 is already starting to pinch, with domestic power fees in the next fiscal year likely to increase between 8.51 and 12% in some places. For businesses in the same areas this figure could rise to around 14%. ⏩

COMMENTARY

Yet, while this is an issue largely off the public radar at present, and mainly ignored by the media, increased household bills and ongoing strife over the use of nuclear power will see Tokyo looking for ways to bring the oil companies back into line.

Higher taxes on overseas fuel and reduced taxes for domestically refined oil products would not be unexpected as a long-term job creation scheme.

As unlikely as any significant moves in this direction are in the immediate future, however, look for the populist calls to eliminate Japan's reliance on nuclear and fossil fuels to play a part in just how much JX, Idemitsu and their fellow refiners are prepared to invest overseas in the years ahead. ■

MTQ plans to expand its subsea service capabilities

The Singapore-based company is positioning itself to meet the rising demand from the offshore energy sector for subsea services

By Amrit Sidhu

- **The company aims to expand its presence in Asia, Australia and the Middle East**
- **MTQ wants to increase its stake in Australia's Neptune Marine Services to 100%**
- **The company is striving to deal with labour challenges in Singapore and Bahrain**

Singapore-based oil and gas service provider MTQ Corp. aims to expand its footprint in the subsea segment and has pointed to the strong growth potential of markets in Asia, Australia and the Middle East.

In a recent interview with *AsianOil*, the group's CEO, Kuah Boon Wee, spoke of the company's takeover bid for Perth-based Neptune Marine Services as complementing MTQ's existing portfolio of subsea services.

MTQ, which already owns about 20% stake in Neptune, launched its bid in late October for the shares in the Australian service provider, which specialises in niche subsea services, including diving, surveying and pipeline installations.

Kuah said MTQ planned to use its three decades of experience to help expand Neptune's presence in Asia's oil and gas sectors.

In 2010, meanwhile, the group set up MTQ Oilfield Services in Bahrain in order to participate in oil and gas projects in the Gulf, East Africa and India.

Diversifying

Pointing to the Neptune acquisition, Kuah said: "There is a lot more emphasis on subsea development and we feel that it is an opportunity to have more subsea niche services, underwater maintenance, surveys, diving [and] pipeline installations. We feel there is an increasing amount of work."

He added: "Overall, there is a lot of market potential in South-East Asia, Australia and the Middle East. Billions of dollars of investment are pouring into Asian markets, mostly for offshore projects involving subsea [components]."

The executive wants to position MTQ so that it benefits from the rising demand for subsea services in all three regions. In the Middle East, the company has already started servicing pressure control components, such as Blowout Preventers (BOPs) and other related platform and subsea based equipment, through its 100% owned Bahrain subsidiary.

"The Middle East offshore project market outlook is strong," he said, adding: "We are ramping up our activities at the 40,000-square metre facility in Bahrain."

> ***"Billions of dollars of investment is pouring into Asian markets, mostly for offshore projects involving subsea [components]"***

Kuah sees the Bahrain facility becoming a significant component of MTQ's business, but noted that it was still "early days" when considering growth targets. He noted: "The Bahrain facility is near water with good infrastructure. It will focus on Saudi Arabia [at] the start," he said.

Labour pains

While the Iranian market is off-limits for now, owing to the geopolitical backlash of doing business there, there are plenty of opportunities in Iraq and Kuwait. Moreover, the Bahrain facility also covers the Egyptian sector.

However, while the outlook is promising, MTQ, as with other service companies, faces manpower challenges. Kuah said having sufficient levels of skilled labour was vital for his company, which relies on machinists, welders and engineering expertise.

Kuah noted that selecting and deploying manpower remained a challenge for the oil and gas industry in general and MTQ in particular. ▸▸

COMMENTARY

Singaporean manufacturers must deal with foreign worker employment quotas, which dictate the number of foreign employees in proportion to the number of Singaporean employees. In Bahrain, meanwhile, the challenge lies in managing manpower in a region charaterised by labour supply shortages but high demand.

Brand power

The company is also increasing its role as a contractor to leading drilling equipment manufacturers, delivering components of the highest international standard and API grades.

"Our customers are international drilling contractors and we have also been working with original equipment manufacturers."

Such large-scale manufacturing demands skill and precision engineering work, with heavy-duty items including wellheads and tree blocks. The scope of the work also includes retrofitting and strengthening the lifespan of BOPs, which last for around 20-30 years, Quah pointed out. He said: "The big chunk of our business is BOPs that need recertification."

MTQ has a 250-strong workforce in Singapore, while it employs 110 at its Australian subsidiary MTQ Engine Systems and around another 80 in Bahrain. MTQ's Australian unit specialises in diesel fuel injection and turbocharger sales and services, with nine branches across Australia.

The company plans to expand its workforce in the years to come as it strives to meet the growing service demand from the oil and gas industry. ■

INVESTMENT

Australian gas exporters face possible price squeeze

BP's recent gas supply deal with Japan's Kansai Electric Power, pegging costs to cheaper US domestic gas prices rather than oil prices, could set a precedent for Australia's LNG exporters.

As the first contract of its kind in Japan – which Kansai expects to result in a 30% saving when compared to an equivalent deal linked to oil prices – a leading resource lawyer has warned that Japanese buyers of Australian LNG are likely to try to renegotiate more favourably priced supply contracts, according to a December 10 report by The Australian.

Japan is the world's biggest importer of LNG and Australia's largest LNG export customer, buying more than A$11 billion (US$11.59 billion) worth of the fuel in the previous financial year. So, having already struck a deal at the US Henry Hub prices, it is likely to press for the adoption of a similar pricing regime throughout the Asian marketplace.

With Australian LNG suppliers already dependent on profits made from selling gas to Japan under the oil-linked pricing system, as well as being threatened by the global boom in shale gas production and mounting cost pressures, analysts have noted that pricier Australian LNG projects are becoming increasingly vulnerable.

Japan's demand for gas has soared following the tsunami-induced Fukushima crisis that led to all of the country's nuclear power plants (NPPs) being shut down. The consequent massive financial losses incurred by Japanese power firms have resulted in a call to adopt the US gas price as standard, which is being driven down by the shale gas boom.

The newspaper report quoted a Tokyo-based analyst as saying Japanese utilities companies could hope to benefit from increasing "the number of long-term contracts based on the Henry Hub price as soon as possible."

Japan is trying to secure permission from the US to become eligible for gas export shipments – a privilege generally reserved for countries with which it has free trade agreements. ■

Chevron remains committed to Australian LNG projects

Chevron has confirmed its commitment to developing its LNG projects in Australia as part of its planned capital investment programme for 2013.

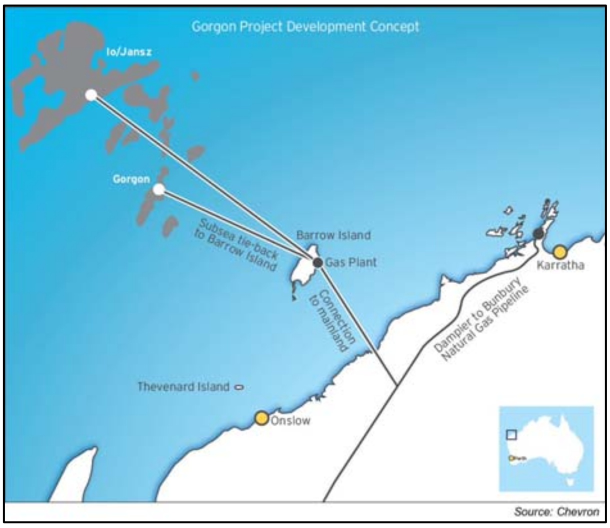
The US$36.7 billion budget includes US$3.3 billion of expenditure by affiliate companies that is not reliant on funding from the US super-major. ▸▸

INVESTMENT

Announcing details on December 6, Chevron's chairman and CEO, John Watson, said the company was maintaining its long-term strategy to invest in a portfolio of very attractive oil and gas projects that would deliver volume growth.

"Our exploration programme continues to discover additional gas resources that could support future expansions of our Australian LNG developments," he said.

The budgeting statement confirmed that Chevron's Australian natural gas-related interests were earmarked for notable major capital investment next year and that spending would also be directed towards improving hydrocarbon recovery and reducing natural field declines for existing producing assets worldwide.



Source: Chevron

Commenting on its three-train Gorgon LNG project on Barrow Island, which is approximately 55% complete after three years, Chevron said the total cost estimate had risen from US$37 billion to US$52 billion. It cited increased labour costs, site infrastructure issues, logistical challenges, weather delays and the impact of currency changes – including a strengthened Australian dollar – as reasons for the higher project costs, but said it remained an appealing proposition.

"Gorgon project economics are attractive," said the company's vice chairman, George Kirkland. "While investment requirements have grown, oil prices, which directly impact the overall revenue stream, have increased by around 80% over the same time period. In addition, the LNG nameplate capacity has [risen] by 4% to 15.6 million tonnes per year."

Chevron leads on Gorgon, which is Australia's largest single-resource project targeting development of the Gorgon and Jansz-Io gas fields that lie around 130 km off the northwest coast of Western Australia. Start-up is planned for late 2014, with the first LNG cargo expected to ship during the first quarter of 2015.

The statement also said the Wheatstone LNG project, which Chevron operates, was 7% complete, on budget and on schedule.

Chevron also participates in Australia's North West Shelf Venture and the Browse LNG Development. ■

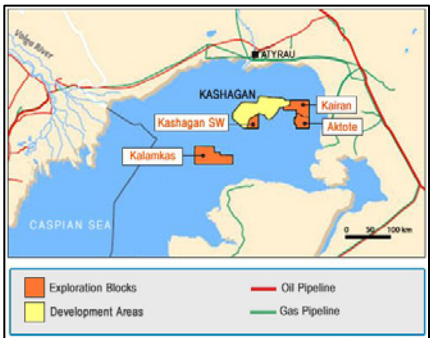
ONGC receives Eni nod for Kashagan acquisition

ONGC Videsh Ltd (OVL), the overseas arm of India's state-owned Oil and Natural Gas Corporation (ONGC) has won project operator Eni's approval for its US$5 billion acquisition of US super-major ConocoPhillips 8.4% stake in Kazakhstan's giant Kashagan oil field.

Last week, the PTI news agency quoted industry sources as saying the Italian company "has publicly stated that it will not pre-empt or block the sale."

Current members of the North Caspian Operating Company (NCOC), the consortium set up to develop Kashagan, have the right of first refusal. That is, they may pre-empt OVL's bid, which was announced last month, within a period of 60 days.

ConocoPhillips holds 8.4% of NCOC. The other shareholders are Eni,



Source: Eni

ExxonMobil, Royal Dutch Shell, Total and Kazakhstan's state oil and gas company KazMunaiGaz (KMG), with 16.81% each, and Inpex, with the remaining 7.56%.

"Once all the other five companies waive their pre-emption rights, the deal will go before [the Kazakh] government, which contractually has 180 days to clear it ... [On] the previous two occasions when companies sold out of Kashagan, the other partners pre-empted," the PTI report said.

Reactions to OVL's Kashagan move have been mixed. The Moody's ratings agency said recently that the acquisition would be "credit negative," as OVL would take on US$5 billion of new debt to buy into Kashagan, which is slated to begin production in the second quarter of 2013.

"The acquisition exposes ONGC to the project's execution risk: There have been multiple delays and cost overruns over the past decade. First production from the field next year somewhat mitigates the execution risk. ▸▸

INVESTMENT

"Nonetheless, subsequent phases of the project could face similar delays or cost overruns," Moody's said.

Sri Lankan interest

In related news, another South Asian country, Sri Lanka, has expressed interest in Central Asian crude oil and natural gas.

Like India, Sri Lanka is seeking to cut its exposure to Iran – and to avoid US and EU sanctions – by diversifying its sources of oil supplies imports to other countries. To this end, Sri Lankan President Mahinda Rajapaksa recently met with his Kazakhstan counterpart President Nursultan Nazarbayev in Astana. Oil and gas figured prominently in discussions between the two leaders.

G L Peiris, Sri Lanka's minister of external affairs, stressed this point while addressing Kazakh businessmen in Astana, saying: "Every year, we spend about US$ 6 billion on oil imports, with crude accounting for one third of the country's imports, so we would like to ask you to share your experience in oil-field development with us." ■

Medco Energi completes acquisition of Yemen block

Medco Energi Internasional, Indonesia's largest publicly traded oil and gas firm, has completed the acquisition of a 21.25% stake in a Yemen block through a wholly owned local subsidiary.

Medco Yemen Malik acquired the stake in Block 9 from Dubai-based Reliance Exploration & Production DMCC for US$90 million, Medco said in a filing to the Indonesia Stock Exchange last week.

Block 9 is located in Hadramaut Province, about 350 km northeast of Yemen's capital city, Sana'a. The block covers an area of 2,234 square km within the Sayun-Masila Basin.

The operator of the block is Calvalley Petroleum (Cyprus), which has a 42.50% stake. US-based Hood Oil and Yemen Oil and Gas Company (YOGC) also own stakes of 21.25% and 15% respectively.

The 20-year contract for the block development will end in 2025 with an option for a five-year extension. According to Medco, the block holds an estimated 58.6 million barrels of oil and production is likely to reach 14,500 barrels per day. At least four oilfields have been discovered in the block.

Medco is accelerating its drive to achieve a target of boosting oil and gas production to 120,000 barrels of oil equivalent per day by 2015 from 80,000 boepd at present.

In November, Medco's chief financial officer, Syamsurizal Munaf, said the company had set aside up to US$400 million to finance its acquisitions of assets both at home and abroad next year.

He did not disclose the acquisition targets, but said such purchases were expected to boost Medco's oil production, perhaps by as much as 5,000 bpd in 2013.

Medco's president director, Lukman Mahfoedz, also said earlier this year that the company was eager to acquire several oil and gas assets in the Middle East and North Africa as well as in Indonesia. ■

PERFORMANCE

Pertamina's investment programme to help transform performance

Indonesia's state-owned Pertamina has begun a US$15.8 billion investment programme, which Indonesian President Susilo Bambang Yudhoyono said would help make it a world-class business.

The company has suffered setbacks in recent weeks, in particular abandoning a bid to buy the US' Coastal Energy for its oil assets in Thai and Malaysian waters in the Gulf of Thailand.

Yudhoyono last week signed off on a number of projects which Pertamina will undertake over the next few years, although they are mostly in the domestic sector.

They include an enhanced oil recovery (EOR) programme, which is looking to boost Pertamina's domestic crude oil production by 80,000 barrels per day by 2025, and three natural gas processing plants.

Some of the investment fund will also be used to try to expand Pertamina's assets overseas as it attempts to catch up with neighbouring state rivals PTT Exploration and Production (PTTEP) of Thailand and Malaysia's Petronas. ⏩

PERFORMANCE

"Pertamina has shown a high commitment to meeting its aim of becoming a world-class energy company and of being able to stand equal with other global companies," the firm's president director, Karen Agustiawan, said at an investment programme launch ceremony with Susilo.

"We are ready to become a locomotive for the drive towards Indonesia Incorporated, working in synergy with other state companies to carve a name for Indonesia in the global economy through business expansion."

Pertamina's crude output for 2012 is expected to rise by just 1% to around 200,000 bpd, the firm's upstream director, Mohamad Husen, told state news agency Antara.

The investment programme launch follows some negative publicity surrounding the firm's image, including giving up the Coastal bid after only a few weeks without any clear reason.

Control of Coastal would have boosted Pertamina's output by 25,000 bpd, rising to 50,000 bpd in the medium term.

Pertamina has also been embroiled in a domestic administration crisis after Indonesia's constitutional court ordered the country's oil and gas sector regulator, BPMigas, to be disbanded for being unconstitutional. A number of politicians wanted Pertamina to take over the role, but Agustiawan said it would undermine the firm's credibility. ■

POLICY

China, Vietnam lock horns over South China Sea

China warned Vietnam last week to stop unilateral oil exploration in contested areas of the South China Sea. The comments followed a spat between Chinese fishing boats and a Vietnamese ship in the disputed waters.

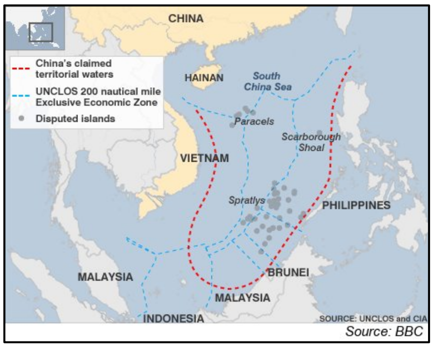
Vietnam should not harass Chinese fishing boats, Chinese Foreign Ministry spokesman Hong Lei told a news conference on December 6. He said Vietnam had already expelled the Chinese boats from waters close to China's southern Hainan Province.

A different account of the incident, however, was given by Vietnam, which said that two Chinese fishing boats had cut a seismic cable the Vietnamese vessel was using to explore the area for oil.

"We hope the Vietnam side will not engage in unilateral oil and gas exploration activities in the relevant waters, [will] cease interfering with Chinese fishing vessels' normal operations and [will] create a friendly atmosphere for bilateral negotiations," Hong said.

He said the Chinese fishing boats were in an area of the South China Sea where Vietnam's claim overlaps with waters belonging to Hainan Province. China and Vietnam are currently in negotiations over the waters, he added.

His comments helped spark a rare public protest just days later in Vietnam, where tensions have already been running high over a string of perceived insults by Beijing.



Source: BBC

New Chinese passports have been issued containing maps that label contested waters as Chinese, while a new law introduced by Beijing also allows Chinese police to board vessels that enter waters close to the island of Hainan.

China also said early last week that it was aiming to produce 15 billion cubic metres per year of natural gas by 2015 from the South China Sea, virtually all of which it claims as its own.

Beijing is embroiled in a string of territorial rows with neighbours including the Philippines, Taiwan, Vietnam, Brunei and Malaysia, each of which have claims over parts of the South China Sea.

China also has a separate dispute with Japan over islands in the East China Sea.

The US State Department said last week it had expressed concerns to Beijing about its new regulations allowing police to board foreign vessels in waters it considers its own. ■

POLICY

Indonesian upstream industry warns over law change

The Indonesian Petroleum Association (IPA) has warned that any drastic changes to the current 2001 Oil and Gas Law would deter investors in an already difficult investment environment.

IPA is a powerful organisation of oil and gas companies operating in Indonesia. IPA's 52 member companies account for about 90% of the country's total production.

In November, the Constitutional Court ruled that several parts of the law were unconstitutional, effectively disbanding upstream oil and gas regulator BPMigas. Following the ruling, Indonesia's parliament is expected to revise the law in 2013.

IPA's outgoing chairwoman, Elisabeth Proust, said the current tough investment climate had been created by a need to venture offshore to find new reserves, a decline in exploration activities and a significant gap between domestic and international pricing.

Public misconceptions that foreign firms dominate the country's oil and gas industry have created more challenges to the development of the industry, Proust, who is also the president director of Total EP Indonesia, was quoted as saying by The Jakarta Globe.

The oil and gas industry has generated substantial revenue for the country and the Indonesian government's share in oil and gas revenue is among the highest in the world, she said last week.

Lukman Mahfoedz, who will replace Proust as IPA's head in 2013, also unveiled a plan to establish a task force within IPA focusing on the 2001 Oil and Gas Law.

According to Mahfoedz, who is also the president director of Medco Energi Internasional, Indonesia's largest listed oil and gas company, the task force will consist of experts, industry executives and lawyers to provide input in the ongoing revision process.

"We are just preparing so that we will be ready to provide inputs when the government asks us," The Jakarta Globe quoted him as saying.

He added that IPA expected existing contracts to be honoured despite the revision. "There are three principals that need to be upheld should the government want to attract more investors: clarity, certainty and consistency," he said.

Earlier this year, Proust urged the Indonesian government to give oil and gas contractors a greater say in the policymaking process to prevent any new regulations from creating uncertainty over the country's investment climate.

At the 36th IPA Convention and Exhibition in May, she said IPA believed the current 2001 Oil and Gas Law was sufficient. "It has been successful in [allowing us to] produce oil and gas and in generating revenue," she said.

Any changes to the law would cause uncertainty for existing contracts and potential investors, she said. But if the government decides to amend it, the industry should be involved in the amendment process, she said. ■

PROJECTS & COMPANIES

BP drills first well in KG Basin

The UK's BP has drilled its first well in India 16 months after investing US$7.2 billion in oil and gas blocks owned by Reliance Industries Ltd (RIL).

Drilling has begun at a satellite discovery on the edge of RIL's flagship KG-D6 offshore block. This forms part of a US$1.5 billion plan to develop four satellite fields around the main producing D1 and D3 fields in KG-D6, with output expected in mid-2016.

Peak production of the satellite finds is estimated at 10.30 million cubic metres per day and will augment output from the main fields.

In July 2011, New Delhi approved BP's acquisition of a 30% stake in 21 acreages owned by RIL, including KG-D6 and the Mahanadi Basin. The Indian Ministry of Petroleum and Natural Gas, however, has delayed approving drilling at the fields.

Over the last few months, the ministry and BP and RIL have repeatedly differed over gas pricing, independent audits of the energy blocks and cost recovery issues, especially for output from KG-D6. Permission for BP to drill has following several weeks of improving relations.

Reports earlier this month said the ministry had approved RIL's investment plans for KG-D6, which could reverse the output decline by developing new fields.

BP has also reportedly written to the ministry to say it, along with RIL, could add 15 trillion cubic feet (424.8 billion cubic metres) to India's gas reserves in the long run, saving the country US$150-225 billion in import bills. ▸▸

PROJECTS & COMPANIES

In a note on RIL, brokerage Edelweiss said BP considered the Indian government's decision-making process to be picking up pace. Last week, BP said it had prepared a three-point programme to revive output from the KG Basin from 2017.

According to BP, the first step was to manage the decline of producing fields in KG-D6 via compression, workovers and infrastructure projects. The second step would aim to push mid-term projects to develop discovered resources of up to 3 tcf (84.96 bcm) and the third step would be to build reserves via exploration.

Production from D1 and D3 has shrunk below 20 mcm per day from 67 mcm per day in 2009-10, never reaching its forecasted peak flow of more than 88 mcm per day. ■

JX Nippon plans Mizushima plant maintenance

JX Nippon Oil and Energy Corp. will close for maintenance a unit at one of its paraxylene plants in early 2013, it revealed last week.

Line No. 3 at the refiner's Mizushima plant will undergo maintenance turnaround in the last week of January 2013, an unnamed company official told Fibre2fashion. The line, which has a production capacity of 350,000 metric tonnes per year, will restart operations in the first week of March 2013.

Lines No. 1 and No. 2 at the Mizushima plant each have a production capacity of 230,000 tonnes per year.

The company operates four other paraxylene plants in Japan. These include plants in Chita and Kawasaki, which each have a production capacity of 350,000 tonnes per year. It also has a 550,000 tonne per year plant in Kashima and a 440,000 tonne per year plant in Oita.

The company said late last month that it would build a new paraxylene plant as part of a joint venture with South Korea's SK Global Chemicals.

The plant will be located in Ulsan, South Korea, and will have a production capacity of 1 million tonnes per year. Construction is likely to be completed in May 2014, with commercial production slated to start in August 2014, a JX Nippon official told fibre2fashion.

JX Nippon also said last week that it would skip a planned maintenance shutdown of a naphtha cracker at its Kawasaki plant near Tokyo in 2013.

The company will probably delay maintenance shutdown at the plant, which has an ethylene production capacity of 443,000 tonnes per year, until 2016, a company source told Reuters. It last conducted a maintenance turnaround at the plant from August to October.

Already Japan's biggest refiner by capacity, JX is increasing its output at the moment, planning to process 14% more crude oil this month than a year earlier. It will process 6.35 million kilolitres, or 1.29 million barrels per day, of crude oil in December.

The planned increase in throughput comes as demand for middle distillate recovers and as JX brings three crude distillation units (CDUs) back on line following maintenance, senior vice president Tsutomu Sugimori said. ■

Malaysia's MHB wins new ExxonMobil contract

Service provider Malaysia Marine and Heavy Engineering Holdings Bhd (MHB) has won a 165 million Malaysian ringgit (US$53.98 million) contract from ExxonMobil.

The contract for the US energy giant's Damar gas development project offshore Peninsula Malaysia was awarded to Malaysia Marine and Heavy Engineering (MMHE), a wholly owned subsidiary of MHB, by ExxonMobil Exploration and Production Malaysia.

It is an engineering, procurement, construction and commissioning (EPCC) contract for the topsides and platform jacket for the Damar project, which is located about 200 km off the east coast of Peninsular Malaysia in 55 metres of water.

"The development of Damar signifies another important step in our partnership with Petronas and Petronas Carigali to develop Malaysia's oil and gas resources economically and efficiently to meet rising energy needs," said J Hunter Farris, ExxonMobil Exploration and Production Malaysia's chairman.

"Damar will help provide additional gas supplies for Malaysia's power and industrial needs and will promote the overall growth of the country's natural gas sector," he was quoted as saying by Malaysia's state-run Bernama news agency.

Petronas Carigali is the upstream arm of state-owned Petronas. ▶▶

According to the Bernama report, the Damar project consists of one four-legged gas satellite platform. A total of 16 development wells are planned for the platform, and field peak capacity is forecasted to be 200 million cubic feet (5.66 million cubic metres) per day of gas. Installation of facilities is planned to commence in the third quarter of 2013 and start-up is targeted for later in the year.

MHB reported recently that its revenue in the first three quarters of this year totalled 2.47 billion ringgit (US$808.77 million), up 5.5% from 2.34 billion ringgit (US$766.89 million) in the same nine-month period of 2011.

MHB's net profit in the January-September period amounted to 141 million ringgit (US$46.13 million), down 50.9% from 287 million ringgit (US$93.90 million) a year earlier. ■

Petrofac starts gas production at Berantai field

The offshore Berantai field in Malaysia has started gas production, according to the field's operator, UK-based oil and gas service provider Petrofac.

Petrofac is developing the marginal field jointly with Malaysian oil and gas service giant SapuraKencana Petroleum under a risk service contract (RSC) with state-owned Petronas.

The Berantai field is located approximately 150 km offshore Peninsular Malaysia, 10 km south of the Tapis field and 30 km northeast of the Angsi field, Petrofac said last week.

The development comprises a wellhead platform connected to the floating production, storage and offloading (FPSO) vessel Berantai. Gas is exported by a 30-km subsea pipeline to the Petronas Carigali-operated Angsi field and onwards into the Peninsular Malaysian gas grid, Petrofac said. Petronas Carigali is the upstream arm of Petronas.

Malaysia is the second largest oil and gas producer in South-East Asia after Indonesia. But while Malaysia is still a net oil and gas exporter, its output is flagging. The International Energy Agency (IEA) predicted earlier this year that Malaysia would become a net importer of oil and gas in 2017 owing to growing domestic demand.

Under such circumstances, Petronas has awarded RSCs for the development of marginal fields in the country since early 2011.

In January 2011, Petronas awarded the first RSC to a consortium of three players – two Malaysian and one from the UK – for the development of the Berantai marginal field, located offshore Terengganu. The three players are Kencana Petroleum, SapuraCrest Petroleum and Petrofac. Kencana and Sapuracrest merged earlier this year, creating SapuraKencana Petroleum.

In August 2011, Petronas awarded the second RSC to a consortium of three players – two Malaysian and one Australian – for the development of the marginal oil and gas fields in the Balai Cluster, located offshore Sarawak. The consortium is led by Australia's Roc Oil Co. (ROC) and includes Dialog Group and Petronas Carigali.

In July, Petronas awarded a new RSC to US-based Coastal Energy Co. for the development and production of petroleum at a cluster of small fields offshore Peninsular Malaysia.

In a statement last week, the head of Petrofac's Integrated Energy Services division, Andy Inglis, said: "The Berantai project, delivered through the first RSC to be awarded in Malaysia, meets Petronas' twin goals of growing domestic production and building local capability. It has required a tremendous effort from all the stakeholders and we are delighted this important milestone has been achieved." ■

South Korean refiners plan 2013 CDU maintenance

South Korean refiners will close for maintenance a number of crude distillation units (CDUs) in the coming months, starting with a 330,000 barrel per day unit operated by GS Caltex.

The No. 4 CDU will close in March 2013 and remain offline for around a month, company and trading sources told Reuters last month. The company will also keep its 60,000 bpd hydrocracker offline during the month, they added.

Hyundai Oilbank will close for maintenance a 280,000 bpd CDU in April 2013. The company said last month, however, that it had tripled its benzene, toluene and paraxylene production capacity with the completion of a 600 billion Korean won (US$550.49 million) plant. ⏩

PROJECTS & COMPANIES

Built jointly with Japan's Cosmo Oil, the plant will start production in January 2013 and will lift Hyundai Oilbank's annual paraxylene production to 1.5 million tonnes from 500,000 tonnes, it said in a statement.

Construction of the new facility, which is located in Daesan, around 200 km southwest of Seoul, began in June 2010. It will produce feedstock for petrochemical products such as petrol additives, synthetic textiles and various plastics.

SK Energy intends to close two CDUs with a combined capacity of around 288,000 bpd in the first half of 2013.

S-Oil, meanwhile, will close for maintenance two CDUs with combined production capacity of 330,000 bpd in 2013, sources told Reuters. The first of the two plants will shut in April, followed by the second in July.

The company was in the news last month when it offered up to 19.2 million barrels of gasoil and jet fuel for 2013 through a term tender.

The company was offering either 300,000 barrels or 600,000 barrels per month of diesel with 10 parts per million sulphur and 300,000 barrels per month of either 350 ppm or 500 ppm sulphur gasoil, industry sources told Reuters.

It was also offering 300,000 to 700,000 barrels per month of jet fuel, with all cargoes to be delivered into Onsan, South Korea, between January and December 2013. ■

Bangchak Petroleum looks to relocate refinery

One of Thailand's oldest refineries, Bangchak Petroleum, is carrying out a feasibility study into relocating away from the centre of Bangkok to a new plant with more than double the capacity.

Bangchak's current refining capacity is 120,000 barrels per day but the hope is to expand this to 300,000 bpd, the company's president, Anusorn Sangnimnuan, said in a statement last week.

The present inner city location on the edge of a commercial district in Bangchak makes it impossible to expand, he said.

One of the objectives of a bigger capacity is to expand the firm's growth niche in green fuels, especially biodiesel. Bangchak is Thailand's biggest producer of biodiesel and a major producer of ethanol for other biofuels. It also operates a fuel retail chain. The firm's petrol and diesel comply with Euro 4 emission standards.

A new refinery with a 300,000 bpd capacity would cost approximately US$3.65 billion, Anusorn said.

Bangchak is one of seven refineries in Thailand and is majority-owned by state-owned oil and gas group PTT and the Thai Ministry of Finance.

Possible new locations for the new refinery are all in the greater Bangkok region. However, in the meantime the firm will spend US$160 million upgrading the existing refinery for the 2013-16 period, said Anusorn, and US$130 million on expanding the company's retail chain, including opening service stations overseas in Myanmar, Laos and Cambodia.

Bangchak is also expanding into renewable energy through wind and solar power plants. It will have 95 MW of solar power generating capacity by February 2013, rising later to 170 MW. This would make it one of Thailand's biggest renewable energy developers. ■

NEWS IN BRIEF

The following news items are sourced from local and international news sources. NewsBase is not responsible for the contents of the stories and gives no warranty for their factual accuracy.

OIL

Bangladesh invites bids from foreign firms

Bangladesh on Sunday invited bids from international companies to explore offshore oil and gas reserves, an official said, as the fast-growing economy seeks to meet its soaring energy demands. State energy group Petrobangla director Muhammad Imaduddin told AFP that nine shallow-water and three deep-water blocks in the Bay of Bengal were open for production-sharing contracts with companies. "We are going to post details of the international tenders on our website by tomorrow (Monday)," Imaduddin said adding that the blocks would be awarded to eligible firms by the end of next June, with submission deadline in mid-March.

AFP, December 10, 2012

Oil India finds new reserves

Public sector oil company Oil India Limited has discovered oil reserves in an oil well in the Nachna area at a depth of 1,229 meters. Two months ago also the firm had found oil reserves in a well. ▸▸

NEWS IN BRIEF

Oil found in both these wells comes in the category of heavy oil but India still does not have the technique to exploit heavy oil. Thus, Oil India has invited tenders from international consultants for the technique to exploit this type of oil. During exploration works, oil and gas was found in many areas like Barmer, Jaisalmer and the Bikaner basin of Thar Desert.

TNN, December 6, 2012

Marsh launches India services

Marsh, the Indian subsidiary of NYSE-listed Marsh & McLennan Companies, on Monday launched its insurance broking and risk management services for India's energy sector. The company deals in insurance broking and risk management. Marsh is eyeing the increasing risk and insurance needs of the oil and gas sector in India. "Marsh today announced the launch of 12th global energy hub in Mumbai,'' the company said in a statement.

BUSINESSLINE, December 10, 2012

New SOE needed to manage oil and gas contract

The Indonesian government needs to establish a new state-owned enterprise (SOE) to manage cooperation contracts in the oil and gas sector, according to an expert. "Consequently, contracts will not be signed by Pertamina," an oil expert from the Research Institute Mining and Energy Economics, Pri Agung Rakhmanto, said here during a seminar entitled "Energy Outlook 2013" on Monday. He said Pertamina`s roles as business and public service obligation entities must be differentiated. "The establishment of the new SOE is also in accordance with the mandate of Article 33 of the 1945 Constitution," he said. He stated that the new SOE would serve as an alternative solution to facilitate Business to Business (B to B) cooperation. "The government has so far implemented a Government to Business (G to B) system, but the cooperation is still made based on a business contract," he said. Rakhmanto noted that the G to B will be effective if it is implemented in powerful and developing countries. "Indonesia still depends on the companies," he pointed out.

ANTARA, December 10, 2012

Cepu Oil Block to produce 22,000 bpd until 2014

The Cepu Oil Block which shares borders in East and Central Java, is predicted to maximally produce 22,000 barrels (of oil) per day (bpd) until it comes to full operations in 2014, an official said. Spokesman of the Upstream oil and Gas Interim Task Force (SKSP Migas) Hadi Prasetyo said here on Sunday that the task force was most unlikely to increase the block's production capacity from the present level of 22,000 bpd. "Its production will remain 22,000 barrel per day until 2014," he said. According to Prasetyo, the high investment cost is not proportional with a production increase which will be reached two years. In fact, technically the initial production of Cepu block could reach 37,000 bpd. It was initially planned to increase the block's production by 5,000 bpd to 27,000 bpd, but it was cancelled due high invest cost, he said. The Cepu block is now operating under a limited production capacity based on its early production facilities (EPF). The limited production capacity would take place until the end of 2014. The oil field's full scale production facilities are under construction and are targeted to be completed at the end of 2014 when it is expected to operate under a production capacity of 165,000 barrels of oil per day.

ANTARA, December 9, 2012

Pertamina Hulu Energi acquires three Anadarko oil blocks

PT Pertamina Hulu Energi (PHE) has acquired the participating interests of Anadarko Offshore Holding Company LLC in three oil and gas blocks in East Kalimantan. PHE President Director, Salis Aprilian, said here on Monday the three blocks acquired are the Bukat, Ambalat and Nunukan in the East Kalimantan offshore. The PHE signed the agreement to buy 100% shares of Anadarko Ambalat Ltd., Anadarko Bukat Ltd., and Anadarko Indonesia Nunukan Company on Monday. After the acquisition PHE would control 33.75% of the participating interest in the Ambalat Block, 33.75% in Bukat and 35 pecent in Nunuka formerly the sister companies of Anadarko Offshore, Anardarko Petroleum Corporation which is listed in New York. The composition of the participating interest in Nunukan after the acquisition is 35% for PHE as the operator, 40% PT Medco E&P Nunuka, 12.5% BPRL Ventures Ind BV and 12.5% for Videocon Ind Nunuka Inc. In Bukat, ENI as the operator has 66.25% participating interest while PHE 33.75%. In Ambalat, ENI has 66.25% and acts as the operator while PHE has 33.75%.

ANTARA, December 10, 2012

Pertamina to acquire Venezuelan oil company

Minister for State Enterprises Dahlan Iskan said state oil and gas company PT Pertamina is expected to a sign a deal to acquire 32% stake in Petrodelta S.A, a Venezuelan oil company before the end of this year. "If negotiations on all aspects have been wrapped up a deal could be signed before the end of this year," Dahlan said on the sidelines of a National Conference on Corruption Eradication here on Wednesday. He said Pertamina had conducted comprehensive preparation for the acquisition plan. "If it is only approval that is left to be secured then I make a decision by the end of this year," he said. In June, 2012, Pertamina signed a sales purchase agreement with Harvest Natural Resources Inc, an oil and gas company listed on New York Stock Exchange. ▸▸

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With the acquisition, Pertamina hopes to cooperate with Petr'leos de Venezuela, SA (PDVSA), an oil company owned by the Venezuelan government, to speed up development of oil and gas reserves of Petrodelta. Pertamina is seeking support from the Indonesian government to step in by opening goverment to goverment (G to G)forum on the plan. Dahlan said political aspect in Venezuela had been taken into account in planning the acquisition before the presidential election in that

ANTARA, December 5, 2012

Woodside seals second Myanmar deal

Woodside Petroleum has sealed a-second oil and gas exploration deal in Myanmar as it rapidly moves to broaden its business beyond a set of expensive liquefied natural gas projects in Australia. The Perth-based energy producer concluded a deal with Myanmar-based MPRL covering a 50 per cent interest in block A-6 in deep waters off the coast of Myanmar. The contract covers a 3D seismic survey and an option for future drilling. The two companies will also consider jointly bidding in future deepwater bid rounds. Woodside sealed a deal last month to buy into an exploration venture also in the Rakhine Basin with South Korea's Daewoo International.

AFR, December 11, 2012

Malaysian oil giant to open R&D centers in Korea

Petronas, the state-run oil and gas company in Malaysia, will open two research and development centers in Korea early next year, an official from the Korea Trade-Investment Promotion Agency said on Tuesday. "Petronas has an interest in creating partnerships with Korean companies and academies in offshore-related business and its delegation visited Korea today to see local governments to decide where to house its first R&D center in Korea,'' the official said. The Malaysian oil company also has a plan to open the second R&D center at Korea Maritime University in Busan for technology development projects in its offshore business. Petronas, ranked 68th in Fortune's 500 largest companies in the world by revenue this year, has looked to Korea as its future business partner in a bid to decrease its technology dependency on the U.S. and EU.

KOREA HERALD, December 12, 2012

PPL to buy Tullow assets

Amid financial crunch due to circular debt, Pakistan Petroleum Limited (PPL) – the country's second largest oil and gas explorer – has decided to buy out assets of Ireland-based private group Tullow Oil located in Pakistan and Bangladesh. Tullow adopted a two-stage process for divestiture. In the first stage, PPL was selected as a preferred buyer and allowed to carry out further due diligence before submitting the firm a binding offer by mid-December. According to PPL officials, the company had appointed consultants to evaluate Tullow Oil's assets in Pakistan and Bangladesh, determine hydrocarbon potential and possible upside in each block. Based on the diligence reports, the advisers will recommend binding values to bid for purchase of entire share the subsidiaries.

TRIBUNE, December 8, 2012

Yang Kee opens warehouse for oil, gas and chemical industries

Singapore's Yang Kee Group has opened its largest warehouse facility to support storage and transportation of chemicals, oil and gas products to the Asia Pacific markets. The 820,000 sq ft warehouse on 4-ha land provides material handling support to the city state's oil, gas and petrochemical producers based on the Jurong Island industrial hub. Costing Singapore dollars 120 million, the warehouse has capacity to handle 240,000 tonnes year of chemicals and 180,000 tonnes a year of oil and gas products, including drill pipes and heavy duty machinery. "Our warehouse is designed to managed logistics of multi-billion dollar Singapore industries," said Ken Koh, deputy managing director of Yang Kee Group. In total, Yang Kee has 1.5 million sq ft storage space in warehouse across Singapore handling general cargo and dry and liquid chemicals, said Koh. The warehouse also handles chemicals in pellet and resin form for export to Japan, Europe and the United States for global groups like Shell and Chevron, Koh told a press conference held 12 Dec 2012.

NEWSBASE, December 12, 2012

No need for 90-day oil reserve: former Thai energy minister

The government's plan to increase the statutory oil reserve from the present 36 days of consumption to 90 days to deal with a possible energy crisis could unnecessarily burden the public, according to former energy minister Piyasvasti Amaranand. He recently posted the comment on his Facebook page. He said the public should keep a close watch on the plan, because of the expected high cost of storing oil and the cost of constructing depots. He is concerned that this cost might be passed to consumers. Currently the government allows retailers to maintain the oil reserve, of which half is crude oil and half is finished oil products, to ensure national energy security. Therefore, in a possible worst-case scenario in which the country cannot procure any oil, it can be assured that it will have adequate oil reserves to be used for 36 days. If a crisis prompts a 10-per-cent drop in the oil the country could procure, the supply would be sufficient for a year, taking into account the amount the country could still procure, plus the 36-day reserve amount. ⏩

NEWS IN BRIEF

Piyasvasti said, however, that the worst oil crisis on record saw a decline of global production of only 7 per cent, which lasted for three months, so he questioned why the country needs to extend the reserve period to 90 days. He doubted the plan to extend the reserve period would benefit anybody.

THE NATION, December 11, 2012

PTTEP "overwhelmed" by demand for equity

PTT Exploration and Production will raise Bt92.3 billion from the nation's biggest equity offering of up to 650 million shares after being two times oversubscribed. The company also plans to propose a five-year investment plan to its board by year-end. The preferential public offering of new ordinary shares of PTTEP received overwhelming response from eligible existing shareholders during the subscription period from December 3-6 and attracted considerable demand from institutional investors who participated in the book-building process. Eligible existing shareholders (excluding PTT) as well as institutional investors who participated in the book-building process together indicated a demand for twice the number of new ordinary shares offered. This does not include the number of shares to which PTT was entitled pro rata to its shareholding. The remaining shares have been allocated to institutional investors from book-building. PTT, as the largest shareholder, supported PTTEP's capital increase by subscribing to a total of 424,359,789 new ordinary shares, amounting to about Bt60.25 billion, to maintain its stake in PTTEP at about 65.29 per cent. The public offering will raise Bt92.3 billion, the largest amount ever raised in a public offering in Thailand.

THE NATION, December 12, 2012

PTT eyes partnership with national oil firms

PTT is ready to team up with national oil firms in Asean to expand its presence in the region, according to its chief executive officer Pailin Chuchottaworn. He added that the company is ready to partner with them, especially Malaysia's Petronas and Indonesia's Pertamina, in expanding upstream petroleum exploration and production, refining and petrochemical operations, all of which require massive investment. The partnership plan is part of its risk-diversification strategy. The company is studying the possibility of expanding its petrochemical business in Malaysia, Indonesia, Vietnam and Myanmar, Pailin said. PTT's image is well recognised by energy conglomerates in Asean, he said. While PTT and Petronas are both competitors and partners, they will collaborate more in the future after the inception of the Asean Economic Community in 2015. "Our investment in Asean will be focused on partnering with national energy firms in Asean," he said. "In Myanmar, the government puts a lot of trust in us as our drill surveys often find petroleum sources. Therefore, it has granted us concessions to invest in many fields. "Like the insurance business, companies in the petroleum business don't like to assume risks alone because of the high costs. The cost of drilling each oilfield ranges from US$10 million to $100 million [Bt307 million to Bt3.07 billion]. If you drill and find nothing, it's a waste of money. Therefore, we should join with the other national energy firms or strong energy firms in Asean in doing business.

THE NATION, December 6, 2012

GAS

India shale exploration policy soon: Moily

A roadmap is being prepared to reduce India's import of crude oil by 2016-17, said Union Minister of Petroleum and Natural Gas M Veerappa Moily. He said, "We are now coming out with an exploration policy on shale gas and oil. The US and Australia has explored this sector in a big way. Shale gas and oil is available in plenty in India and with this we can cut down imports," he said. He said that a comprehensive holistic road map in making country self-sufficient in producing oil and gas is being prepared and added that refinery capacity in the country needs to be increased.

DH, December 7, 2012

ConocoPhillips to tap Indian shale

US independent ConocoPhillips is nearing a deal with India's state backed Oil and Natural Gas Corporation to explore and develop shale gas resources in the Asian nation. ConocoPhillips is set to visit ONGC this month to discuss collaboration in shale gas development after analyzing ONGC's acreage data in India, the company's managing director, Sudhir Vasudeva said. When the pair have an idea of the resource potential they will finalize a joint exploration plan, India's Economic Times reported Vasudeva saying.

PE, December 7, 2012

Essar Oil interest in more CBM projects

Essar Oil has shown interest in setting up its third coal-bed methane (CBM) project in the Asansol-Ranigunj belt in West Bengal, state's Industry Minister Partha Chatterjee said on Monday. The company would invest Rs.52billion for the project, Chatterjee told reporters here. He asked company representatives who met him to furnish a proposal and submit it to the government. Chatterjee said Saroj Poddar of Texmaco had also called on him during the day for a food processing unit at Sankrail in Howrah.

ZN, December 5, 2012

Meghalaya wants to develop shale gas

The Meghalaya government today said it wants to tie up with private power producers for the development of its shale gas assets in the state. "Meghalaya has a lot of shale gas potentiality, but lacks the technical know-how for its development," Power Principal Secretary J P Prakash said. ▸▸

NEWS IN BRIEF

At a conference on 'Empowering the North East–overcoming challenges in development of the power sector in the NE India' here, he said: "The state desires to tie up with private power producers for developing shale gas in the state. We urge Independent Power Producers Association of India to induce private companies which are experts in the field to invest in the state."

PTI, December 7, 2012

DGH rejects RIL's proposal on gas test

The DGH has rejected Reliance Industries' proposal to do a single test to confirm three natural gas discoveries in the flagging KG-D6 block, saying separate tests are required as the three finds are distant and unconnected. The Directorate General of Hydrocarbons (DGH), the technical arm of the oil ministry, has since February 2010 not recognised the D-29, 30 and 31 as discoveries as RIL had not performed its prescribed tests to confirm the finds. Sources said RIL and its partner BP Plc on October 8 proposed to do a single Drill-Stem Test (DST) on the three finds to establish them as commercially viable finds.

ET, December 9, 2012

KG-D6 production goes up

After the completion of the planned shutdown of the MA field in RIL's showcase KG-D6 block, the production from the block went up to 23.71 MMSCMD for the week ending November 25, 2012, from 20.32 MMSCMD registered during the previous week (ended November 18, 2012). The production during the earlier week ended November 11 was 23.92 MMSCMD. According to the original field development plan, the block was meant to produce 80 MMSCMD of gas at this point of time.

INDIANPETRO, December 10, 2012

CAG to restrict KG-D6 audit

The CAG has agreed to restrict its audit of Reliance Industries' KG-D6 block to financial scrutiny of the spendings on the flagging gas fields and a performance audit, if any, would be done of the Oil Ministry, a senior government official said on Tuesday. "CAG had a few days back given to us in writing that the audit of Block KG-DWN-98/3 (KG-D6) will be strictly as per Section 1.9 of the Accounting Procedure to the Production Sharing Contract," the official, who wished not to be identified, told reporters.

PTI, December 11, 2012

RIL seeks defense clearance

RIL has sought DGH's intervention in securing defence clearance (MoD) for its Krishna-Godawari block KG-DWN-2003/1 (also known as KG-V-D3). The operator RIL has finalized three tentative locations in the block where it wants to carry out its exploration activities. The operator fears that the locations could fall in the Air Force danger zone and naval exercise areas. The company is planning to drill two exploratory wells -- out of the three locations finalized -- which are part of the balance Minimum Work Programme (MWP) of Phase-I. The company wants to drill the two wells in the coming year, that is, 2013.

IP, December 10, 2012

RIL opposes uniform marketing margin

Reliance Industries has opposed a move to make marketing margin charged by it and other sellers of domestically produced natural gas uniform, while giving gas importers a free hand, saying that it would be a gross discrimination. RIL, whose 13.5 cent per million British thermal unit as marketing margin on KG-D6 gas is higher than 11 cents charged on gas produced by ONGC/OIL but lower than 18 cents that GAIL charges for western offshore gas, said there was no legal basis to regulate the levy. RIL President and COO B Ganguly on November 29 wrote to Oil Secretary debunking oil regulator PNGRB's reported advice to the government to stipulate a uniform marketing margin for sellers of domestic gas, while giving free hand to sellers of imported LNG and firms selling CNG to automobiles and piped cooking gas to households.

PTI, December 9, 2012

Tangguh's second LNG train resumes operations

British energy giant BP Plc said on Monday that its second liquefied natural gas (LNG) train or Train 2 at the Tangguh plant in West Papua had resumed operations following weeks of being idle after the facility caught on fire in early November. BP Asia-Pacific regional president William Lin said the terminal was restarted on Wednesday last week following the completion of repairs and its production was resumed on Saturday at around 5 a.m. "[Train 2] is now ramping up to its designed capacity. The incident investigation into root-cause of the fire was completed prior to re-start, and follow-up actions are ongoing," Lin said in an email sent to The Jakarta Post on Monday. He added that the progress had been consistent with the firm's commitment to revive Train 2 as fast as safely possible "to meet the needs of our customers and stakeholders". Fire struck Train 2, which has a designed capacity of producing 3.8 metric tons per annum (mtpa) of LNG, on Nov. 6, when the other facility, Train 1, was on scheduled maintenance. Train 1, which also has a similar designed capacity, resumed normal production in late November.

THE JAKARTA POST, December 10, 2012

NEWS IN BRIEF

Petronas to triple gas reserves after takeover of Progress

Petroliam Nasional Bhd (Petronas) is expected to almost triple its international unconventional gas reserves to one billion barrels of oil equivalent (boe) after the takeover of Canada's Progress Energy Resources Corp. A Petronas official said the successful takeover of Progress, valued at C$5.2bil, would give Petronas control of the largest holder in the Montney shale gas area of British Columbia and full ownership of three fields it bought a stake in last year. "The takeover will bring Petronas unconventional gas reserves up significantly," the official said at a media workshop organised by the Malaysia Press Institute and Petronas in Bintulu last week. Progress is an upstream gas producer owning gasfields in the Montney shale areas of British Columbia and Alberta. It has 1.9 trillion cu ft of proved and probable gas reserves in 820,000 acres of area in Montney. As at end-January 2012, Petronas had 380 million boe in unconventional gas reserves, a relatively low figure compared with other oil and gas giants. The deal marks Petronas' largest ever overseas acquisition, eclipsing the US$2bil it paid for a 40% stake in Santos Ltd's Gladstone liquefied natural gas (LNG) project in Australia in 2008. The Gladstone project is also one of Petronas' unconventional gas plays, which involves the conversion of coal seam natural gas or coalbed methane, to LNG for export.

THE STAR, December 11, 2012

APCNGA demands audit of gas rates

The All Pakistan CNG Association (APCNGA) has demanded immediate audit of gas prices claiming that the gas distribution companies are forcibly getting inflated gas prices from CNG operators since the last three years, according to a statement. "CNG station owners are made to pay Rs2.18 per kg in addition to the prices determined by the Oil and Gas Regulatory Authority (Ogra), which is sheer violation of the laid down guidelines," said Ghayas Paracha, leader of the CNG Association. "The report of independent auditors appointed by Ogra on the directives of the Apex Court has calculated Rs20.95 per kg loss on the current retail price."

THE NEWS, December 8, 2012

Malampaya group drilling 2 gas wells

The consortium operating the Malampaya natural gas project is set to drill two additional wells next year as part of a $1-billion investment program. "We will drill [the wells] around February to April next year… when a very large drill rig will come," Shell Philippines Exploration BV managing director Sebastian Quinones told reporters at the sidelines of a ceremony for the construction of a new production platform here. Malampaya currently has five wells producing natural gas off northwest Palawan. Quinones said the drilling and installation of two new sub-sea wells that would tap more natural gas in service contract area 38 formed part of the second phase of Malampaya's development estimated to cost $250 million. "While we are drilling new wells, we will not shut down, operation will continue so that we will not interrupt power to Luzon," Quinones said. The consortium of Spex, Chevron Malampaya LLC and PNOC Exploration plans to tap drilling rig ENSCO 8504. The third phase of Malampaya's development, meanwhile, includes the fabrication and installation of a new depression compression platform that will house powerful compressors that will help draw out more gas from the reservoirs and deliver it for power generation.

MANILA STANDARD TODAY, December 8, 2012

Shell bullish on PH gas industry

Global oil giant Royal Dutch Shell plc is bullish about the prospects of liquefied natural gas in the Philippines as demand for power and fuel is expected to keep growing in Asia in the coming years, company officials said Thursday. "We are also looking at the Philippines as an opportunity to import LNG. I think that is going to be an important aspect as we look forward at the opportunities Asia provides," Royal Dutch director of upstream international Andy Brown said during a webcast interview. LNG is natural gas that is converted into a liquid state for easier storage and transportation. Upon reaching its destination, LNG is regasified and distributed through pipelines. "We see Asia will have significant increase in LNG demand and will drive the opportunities that we have in our portfolio across Australia, across East Africa and North America," Brown said. He said LNG demand would come not only from Korea and Japan but also China. Shell signed a separate agreement with the Energy Department in June over a feasibility study to build an LNG regasification terminal beside its refinery in Batangas that is estimated to cost $1 billion. The study is expected to be completed next year with a 'first gas' target in 2016. The proposed electricity plant and LNG plant will be located near Shell's 110,000 barrels per day Tabangao refinery in Batangas.

MANILA STANDARD TODAY, December 7, 2012

Pilipinas Shell seeks tax incentives for gas pipeline project

Pilipinas Shell is seeking government incentives for its $1 billion natural gas pipeline project, which is expected to propel the total investments figure of the Board of Investments to P380 billion to a total for 2012. Trade and Industry Undersecretary Cristino L. Panlilio told reporters at the UK Trade Mission that the British petroleum firm's project is still under evaluation and is expected to be part of the total BOI registration for 2012. Panlilio said that the entire Shell project could hit $2 billion but it would be registered in phases. ⏩

NEWS IN BRIEF

He did not give other details of the Shell project. He, however, said that the project would be able to substantially contribute to the sagging investments generated by the BOI. He expects total investments to hit between P370 billion to P380 billion by end of the year because of the various projects in the pipeline. This means the BOI projects approvals would only approximate last year's total investments. This means the BOI is going to miss its P400 billion investments target for 2012. "So far, we have P300 billion in total investments. We are approaching a positive variance," Panlilio said. For 2013, Panlilio said the BOI may be able to hit over P400 billion worth of investments. "We just hope to break the investments last year," Panlilio, who is in charge of investments and international trade promotions group. Investments generated by the BOI for the past three quarters have remained behind the comparative figure of 2011. The BOI, however, has refused to release the data but sources said that investment registration as of September this year has remained within the 19% decline compared to the same period last year.

MANILA BULLETIN, December 6, 2012

Shell to relocate gas business to Singapore

The Royal Dutch Shell Group said it will relocate its integrated gas business based in The Hague to Singapore from next year, moving closer to the Asian markets. "We have a new integrated gas business that will be going live next year. It will be based in Singapore," said Andy Brown, Shell's upstream international director. Shell's gas business covers exploration to production, transportation and downstream use from The Hague. "We still see potential in Europe with some growth, but the major growth will come from Asia," he said in gas media briefing through a webcast to Asian journalists. Shell is also planning a number of projects in Singapore, in addition to its massive refining and petrochemical hub. The projects would include capacity expansion at the Pulau Bukom ethylene cracker to ramp up olefins and aromatics production by 20 per cent. The US$3 billion ethylene cracker started commercial production in March 2010.

NEWSBASE, December 6, 2012

Petro-Mekong set to finalise tie-ups for Timor-Leste pipeline

Malaysian firm Petro-Mekong Corp Sdn Bhd said it is set to finalise a technical collaboration with its international partners for the multi-billion ringgit deep sea gas pipeline project in Timor-Leste. Petro-Mekong's executive director Datuk Seri Dr Shafiq Sit Abdullah said in media release to StarBiz: "With the assistance of our local Timorese partner Nexus Meridian LDA, Petro-Mekong and its technical partners from China, Europe and the United States have now frequently travelled to Timor-Leste over the past year to conduct technical evaluations and studies and we are satisfied with the findings." StarBiz had reported in May that the Timor Leste government had inked a memorandum of understanding (MoU) to partner with Germany's Europipe GmbH to supply a crucial gas pipeline from its offshore gas field to the country's planned liquefied natural gas (LNG) processing plant on its mainland. Petro-Mekong is co-managing the project and is the sole representative of Europipe GmbH of Germany for Malaysia and Timor-Leste. Shafiq added: "Our relationship with Europipe goes back over thirty years, when Europipe began supplying the pipeline from the offshore B-11 gas field to Malaysia's first LNG plant, MLNG Satu, in Bintulu. So I have full confidence in our team's technical capabilities in managing this project, together with Europipe." The media release also stated that at the launch of the prototype pipeline in May 2012, the Secretary of State for Natural Resources Alfredo Pires had highlighted "the comprehensive and detailed analysis conducted by the government over the past three years in order to reach this point of prototyping the Timor-Leste pipeline." The deep-sea pipeline and LNG plant, together with an integrated supply base and petrochemical refinery, is part of Timor-Leste's critical Tasi Mane Project on the country's southern coastline, which will form the backbone of its oil and gas industry.

THE STAR, December 10, 2012

SERVICES

Perisai to sell remaining stake in SJR Marine

Perisai Petroleum Teknologi Bhd has entered into a supplemental agreement with EOC Ltd to dispose of the remaining 50% shares in SJR Marine (L) Ltd to EOC for RM271.8mil. Perisai Petroleum had on Nov 30 disposed 50% of its shares in SJR Marine to EOC at the same price. In a filing with Bursa Malaysia yesterday, Perisai Petroleum said EOC was expected to assume the existing liabilities and contingent liabilities of SJR Marine. The Perisai group is expected to focus on its production and drilling segments which will be in line with the future business plans of the group.

BERNAMA, December 6, 2012

Scomi wins job in Myanmar

Scomi Group Bhd has been awarded a drilling fluids and drilling waste management contract in Myanmar worth about RM93.6mil. Scomi's oilfield services business under Scomi Oiltools Bermuda Ltd will provide PTTEP International Ltd (PTTEPI) drilling fluids and drilling waste management equipment and related engineering services for three blocks in Myanmar. The company said in a statement the contract was commencing in the fourth quarter of 2012. Since 2003, Scomi Oiltools has been servicing major clients in Myanmar including PTTEPI and Daewoo. ▸▸

NEWS IN BRIEF

Scomi said Scomi Oiltools had embarked on various initiatives to strengthen its support services in anticipation of the growth prospects in the region, establishing a drilling fluids laboratory with trained laboratory engineers in Thailand. Additionally, Scomi Oiltools' Thai operations will act as the second regional centre for its drilling waste management services and provide training and workshop services to support regional operations, with the other being in Dubai. "We are excited about the prospects of this contract. "Not only will we be able to be a dynamic partner to our client, but this gives us the opportunity to give back to the communities through developing local human talent and working with local partners to develop the above facilities." said Scomi Oiltools president of market units Wan Ruzlan Iskandar Wan Salaidin said.. The group's focus for its oilfield services business is in the Eastern Hemisphere, which it sees as the growth area for the region.

THE STAR, December 8, 2012

Keppel starts building DCP for Shell

Keppel Subic Shipyard, Inc. in the Philippines has the start of construction works on a Depletion Compression Platform (DCP) for its customer Shell Philippines Exploration BV (SPEX) with a Strike Steel Ceremony held Dec 7, 2012. When completed, the DCP will be deployed in the Malampaya gas field, near Palawan Island, in the Philippines. The DCP is being built at the shipyard, situated in Subic, Zambales, in Central Luzon of the Philippines. The DCP comprises gas compression facilities mounted on a barge deck, supported by four tubular legs on base footings. Keppel Subic Shipyard is responsible for the fabrication of the entire DCP, including the integration of the topside modules and the fabrication of the link bridge connecting the DCP to the shallow water platform. The Philippine Undersecretary for the Department of Energy (DOE), Josefina Patricia Magpale-Asirit, initiated the cutting of the first steel plate to be used in the construction of the DCP at the event held at Keppel Subic Shipyard. The development of the DCP forms Phase 3 of the Malampaya Deep Water Gas-to-Power project, which is led by the Philippine Department of Energy and supported by the consortium comprising the Malampaya project operator, SPEX, and its joint venture partners, Chevron Malampaya LLC and the Philippine National Oil Company-Exploration Corporation (PNOC-EC). Mr Tong Chong Heong, Chief Executive Officer of Keppel Offshore & Marine Ltd (Keppel O&M), the parent company of Keppel Subic Shipyard, said, "We are greatly honoured to have Energy Undersecretary Josefina Patricia Magpale-Asirit mark the first construction milestone of this DCP project with us. Her presence at Keppel Subic Shipyard is an encouragement to all of us as we work together with our stakeholders on this significant Philippine project. Keppel is very happy to be entrusted with building the first such platform to be fully constructed in the Philippines.

NEWSBASE, December 7, 2012

Sembcorp handles rig accident solo

Sembcorp Marine said it was able to handle the rig accident at its yard and had not made a help call to the Singapore Civil Defence Force (SCDF). When the incident happened at 10.30am on Monday (Dec 4), the evacuation took about 20 minutes and another 25 minutes for head count. All in, the entire evacuation took less than an hour including the search for men overboard, said Sembcorp. Sembcorp Marine said its Health, Safety and Environment Department (HSE) has trained personnel for emergency response such as fire-fighting, rescue operations at heights, rescue from confined space, rescue using ropes, advanced fire-fighting and fire safety management. They also have trained paramedics and occupational doctors and nurses to render immediate first aid and medical treatment. Some of the existing HSE personnel are also ex-SCDF employees who were paramedics and fire fighters. The accident on Monday saw 89 workers injured.

CHANNEL NEWS ASIA, December 6, 2012

REFINERIES

Barmer refinery unviable without Cairn crude

Hindustan Petroleum Corp Ltd (HPCL) has told the Oil Ministry that its proposed Rs 240 billion refinery at Barmer in Rajasthan will be unviable unless it is given all of the crude oil that Cairn India produces from oilfields in the state. HPCL last week asked the ministry to give firm allocation of Rajasthan crude oil for at least 10 years for it to begin work on the 9 million tonne a year refinery, sources with direct knowledge of the deliberations said. Cairn produces about 175,000 barrels a day or 8.75 million tonne a year of crude oil from its Mangala and other fields in the Rajasthan block. Going fowards, the firm is projecting an output of 300,000 bpd (15 million tonne).

PTI, December 10, 2012

IOC to invest in pipeline

Indian Oil Corporation Limited (IOCL) will invest over 27 billion in its two ongoing multipurpose pipeline projects originating from Paradip. IOC will spend the 1065-km long Paradip-Raipur-Ranchi product oil pipeline at an investment of Rs 17.93 billion. It will also spend Rs 9.13 billion on the 710-km Paradip-Haldia-Durgapur LPG pipeline. Besides, the public sector unit (PSU) has already conducted survey work for laying of another multipurpose pipeline project from Paradip to Hyderabad to transport product oil, H.S. Pati, executive director, IOCL, Eastern Region-Pipelines, said on Thursday.

PTI, December 7, 2012

NEWS IN BRIEF

RIL to shut CDU

Reliance Industries is planning to shut a crude distillation unit and a secondary unit for planned maintenance at its newer 580,000 barrels-per-day (bpd) Jamnagar refining complex in January, industry sources said on Thursday. The company is planning to shut a 13.5 metric tonnes per annum (270,000 barrels-per-day) crude distillation unit for about 40 days in January, the sources said. It will also shut a 6.5 mmtpa vacuum gasoil hydrotreater unit, one of the sources said.

REUTERS, December 6, 2012

PTTGC to invest in US$5bn Java complex

The SET-listed PTT Global Chemical Plc (PTTGC) yesterday signed a memorandum of understanding with Indonesia's national oil company, PT Pertamina (Persero), to invest jointly in a US$5-billion integrated oil refinery and chemical complex on Java. "We're confident that a partnership between PTTGC and Pertamina in a petrochemical complex will be mutually beneficial as it reflects the shared strategic intent of both companies," said Anon Sirisaengtaksin, chief executive of PTTGC, majority-owned by giant PTT Plc. He said PTTGC plans to diversify its business into downstream specialties and green chemicals. More details are not yet available, but an official agreement is expected to be signed by the two in April. Pertamina chief executive Karen Agustiawan said the partnership will provide an opportunity to increase Pertamina's refinery economics and to lead the domestic petrochemicals market. The link-up between these two Southeast Asian national champions will also include collaboration in areas such as marketing, product research and development. "Petrochemicals are one of Pertamina's core growth pillars to achieve its 2025 vision as a World Class Energy and Asian Energy Champion. Pertamina is serious about this partnership and the Indonesian authorities are showing strong support towards Pertamina," said Ms Agustiawan. "As Indonesia's economy continues to grow strongly, so does demand for petrochemicals. Stable and cost-effective domestic supply is needed to encourage companies to invest in new manufacturing industries in Indonesia, creating jobs and spurring economic growth."

BANGKOK POST, December 8, 2012

Credit Suisse buys Petron shares

Credit Suisse Singapore has purchased the 195 million shares of Petron Corporation Employees' Retirement Plan (PCERP), a stockholder in the Philippine leading oil firm. This was disclosed by Petron to the Philippine Stock Exchange, noting that the deal was consummated yesterday (December 5). It added the total volume of shares sold represented 2.0-percent of the outstanding capital stock of the oil company. It can be gleaned that PCERP announced its plan last January to sell some 695.3 million shares at R11 each. The transaction was expected to fetch $174 million in proceeds. Despite traversing a difficult period this year, Petron is continually mapping its expansion path, not only in the Philippines but also overseas. Its acquisition of the Malaysian assets of Esso Petroleum Company already started contributing to Petron's bottom-line, as culled from the company's financial statement last quarter. Next year and 2014 are seen as exciting times for Petron, with the anticipated commercial commissioning of co-generation power facility to serve its electricity needs; plus the completion of its $2.0-billion refinery upgrade the year after. According to the oil firm, "the project will allow the 'conversion' of all negative margin fuel into higher value products such as gasoline, diesel and various petrochemicals."

MANILA BULLETIN, December 5, 2012

FUEL

Indian Oil Secretary to monitor OMCs

The oil secretary will directly monitor marketing operations of state firms every week to ensure smooth transition to the proposed cash transfer of fuel subsidies and assess cooking gas supply to customers who are complaining harassment by dealers. Many customers have complained that cooking gas dealers are not providing them cylinders they are entitled to, citing the 'know your customers (KYC)' requirement. Oil secretary will meet top executives of IOC, BPCL and HPCL every Tuesday to iron out marketing issues, including mandatory blending of 5% ethanol with petrol, officials in the ministry and industry said.

ET, December 11, 2012

Self-funded petrol pumps barred

With petrol pumps mushrooming all over the country, the government has barred oil PSUs from setting up new outlets at their investment. The Petroleum Minister this week issued an order asking the state-owned fuel retailers to set up petrol pumps only when the dealer is willing bear the Rs 10 million cost of a pump.

ET, December 6, 2012

More cheap LPG cylinders in India

The government will raise the cap on supply of subsidised cooking gas (LPG) to nine cylinders per household in a year from current restriction of six, Oil Minister M Veerappa Moily said today. "I think it is likely to go up definitely from six (cylinders) to 9 (cylinders)," he told reporters. The government had in September capped supply of subsidised LPG to six cylinders per household in a year.

PTI, December 11, 2012

NEWS IN BRIEF

Pertamina operates first CNG filling station

PT Pertamina has officially opened its first company-owned, company-operated compressed natural gas (CNG) filling station in Jakarta. Pertamina president director Karen Agustiawan said on Tuesday that the filling station, which officially opened on Monday, was expected to meet the needs of both public transportation vehicles and private cars. "I hope the station can serve Transjakarta buses, public minivans, cabs, bajaj [three-wheeled taxis] and private vehicles," she said in an emailed statement. The US$3.7 million-station, located in Daan Mogot, West Jakarta, can distribute 1 million standard cubic feet per day (mmscfd) of CNG or 30,000 LSP (Premium gasoline liter equivalent). In Indonesia, CNG, used for public transportation vehicles and locally known as BBG, sells for about Rp 3,100 (32 US cents) per LSP, while liquefied gas for vehicles (LGV), used by private cars, sells at Rp 3,600 per LSP. Karen said the Daan Mogot station was projected to become the pilot project of other CNG infrastructure in Indonesia, which was struggling to break its dependency on fossil-based fuel to gas amid dwindling crude oil production.

THE JAKARTA POST, December 11, 2012

Petronas Dagangan expects good fourth quarter results

Petronas Dagangan Bhd expects a good fourth-quarter financial results on the back of encouraging sales, says its managing director/chief executive officer Aminul Rashid Mohd Zamzam. He said fuel oil prices normally increased a little at the end of the year due to high energy consumption. "We are hoping. If the trend continues like in previous years then it will be something that is favourable to us. So, we are looking forward for good results in the last quarter," he told Bernama. Petronas Dagangan posted a 11.74% higher profit of RM340.5mil for the third quarter ended Sept 30, 2012 from RM340.40mil in the corresponding quarter last year. The better performance was attributed to higher gross profits of RM45.4mil arising from sales growth and an increase in Mean of Platts Singapore prices, which had resulted in average margins increasing by 7.1%.The Mean of Platts Singapore prices is a measure of fuel oil pricing in Singapore. Revenue, during the quarter, rose RM185mil to RM7.5bil from RM7.3bil in the same period last year. Aminul Rashid remained positive of oil prices for next year with some volatility expected.

BERNAMA, December 10, 2012

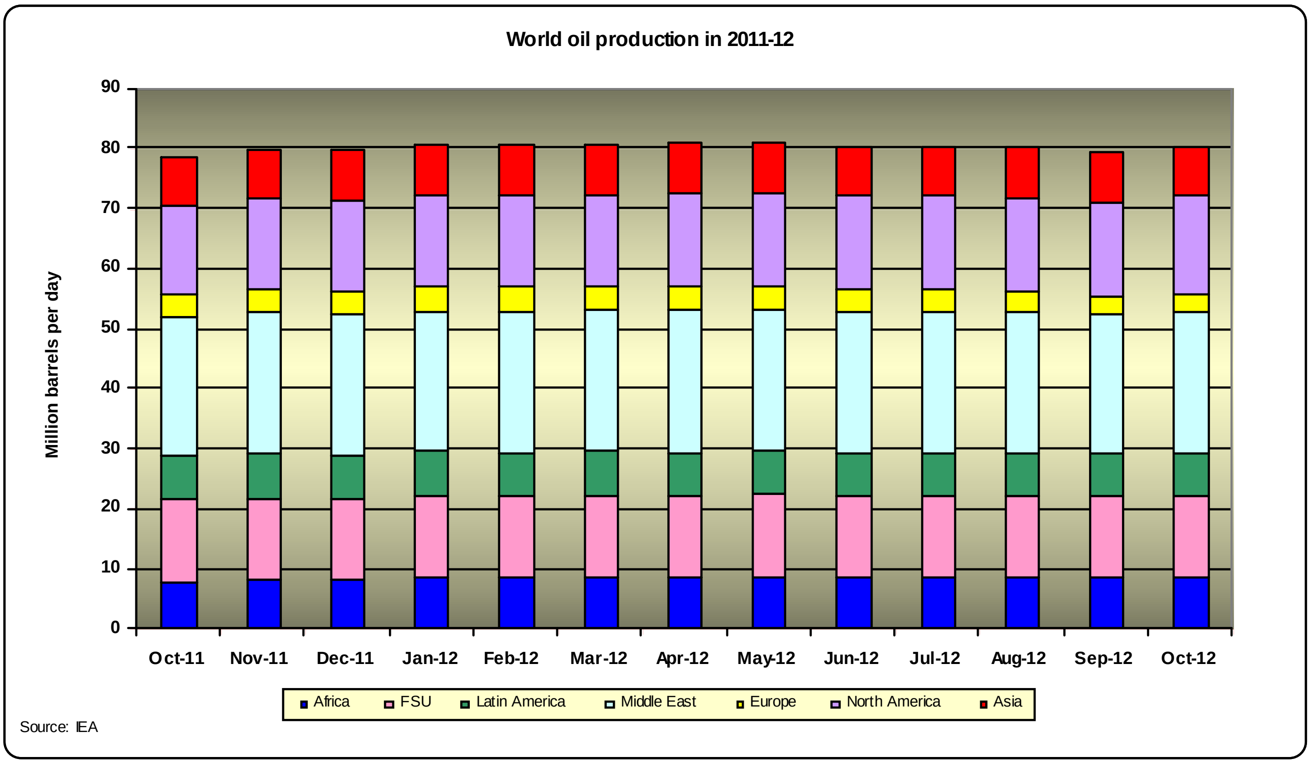
PETROCHEMICALS

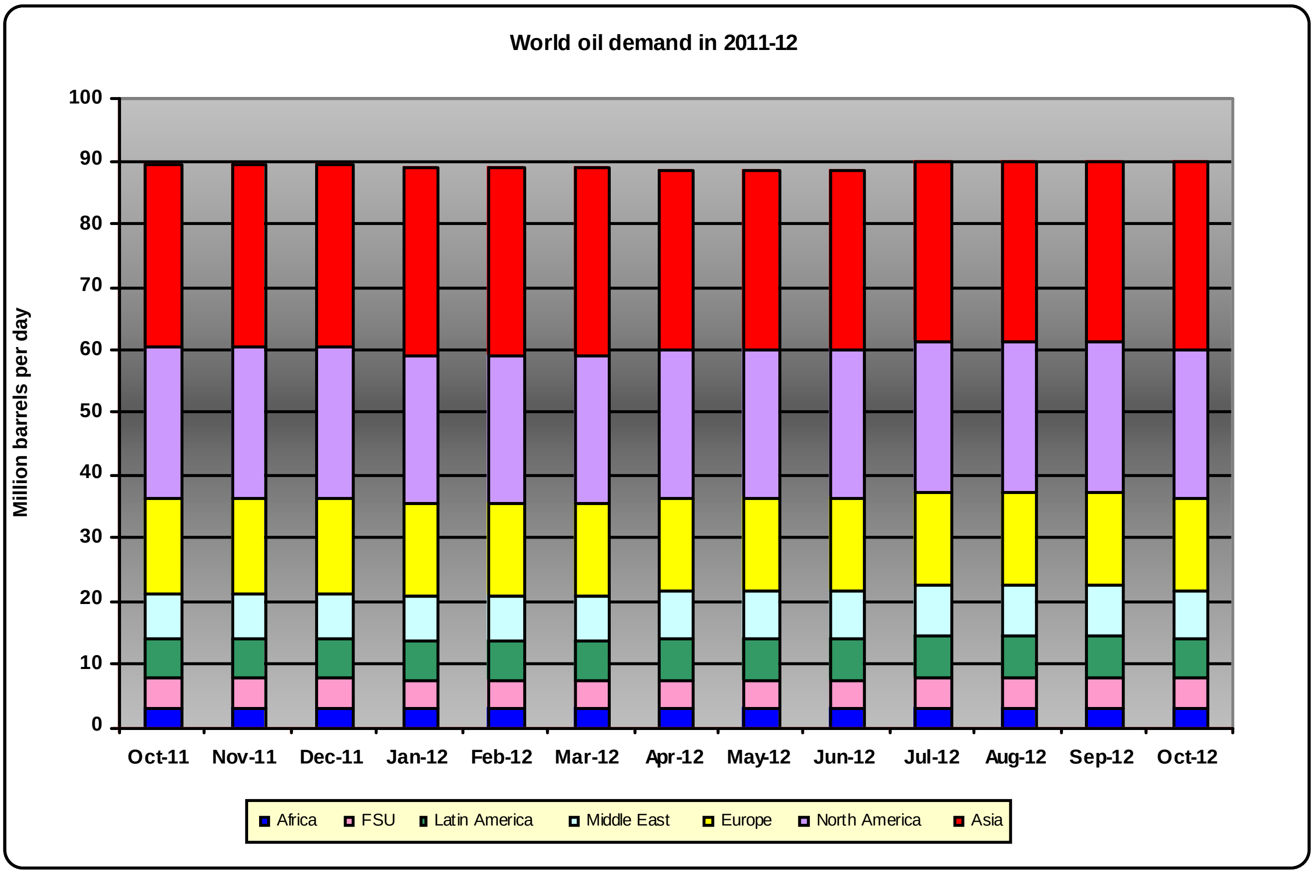
TPPI escapes from bankruptcy

PT Trans Pacific Petrochemical Indotama (TPPI), debt laden owner of a large petrochemical center escaped from bankruptcy demanded by one of its creditors. The majority of creditors voted in a commercial court session on Debt Repayment Obligation Postponement favoring a debt restructuring proposed by TPPI`s new management. "With the restructuring proposal approved by the majority of creditors, TPPI is saved from bankruptcy, its vice president Basya G Himawan said here on Tuesday. Earlier state energy company PT Pertamina, one of the creditors and the Asset Management Company (PPA) took over the management of TPPI as the old management failed to meet its debt obligation. Later one of its creditors demanded that TPPI was declared bankrupt, but before bankruptcy session took place other creditor Nippon Catalyst proposed Postponement of Debt Repayment Obligation, which led to majority votes favoring the debt restructuring proposal of TPPI. Basya Himawan said 56 creditors took part in the session on Tuesday and only two of them against the proposal.

ANTARA, December 11, 2012

STATISTICS


World oil production in 2011-12
Million barrels per day
0
10
20
30
40
50
60
70
80
90
Oct-11
Nov-11
Dec-11
Jan-12
Feb-12
Mar-12
Apr-12
May-12
Jun-12
Jul-12
Aug-12
Sep-12
Oct-12
Africa
FSU
Latin America
Middle East
Europe
North America
Asia
Source: IEA


World oil demand in 2011-12
Million barrels per day
0
10
20
30
40
50
60
70
80
90
100
Oct-11
Nov-11
Dec-11
Jan-12
Feb-12
Mar-12
Apr-12
May-12
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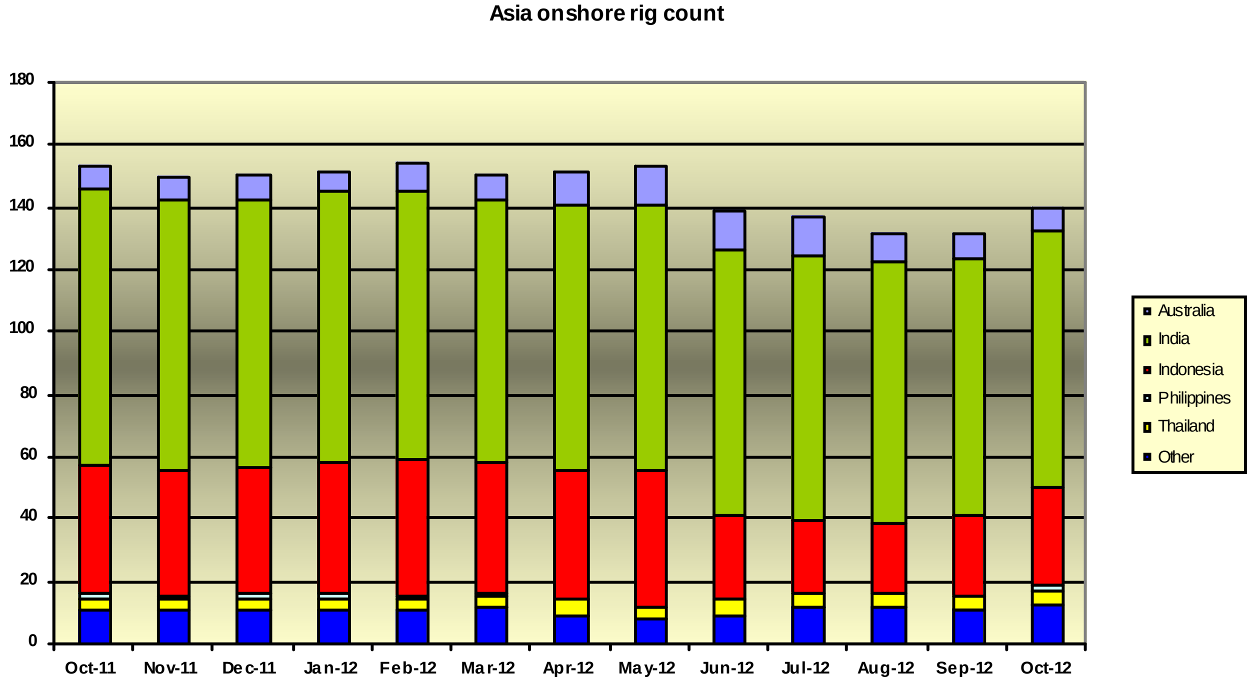
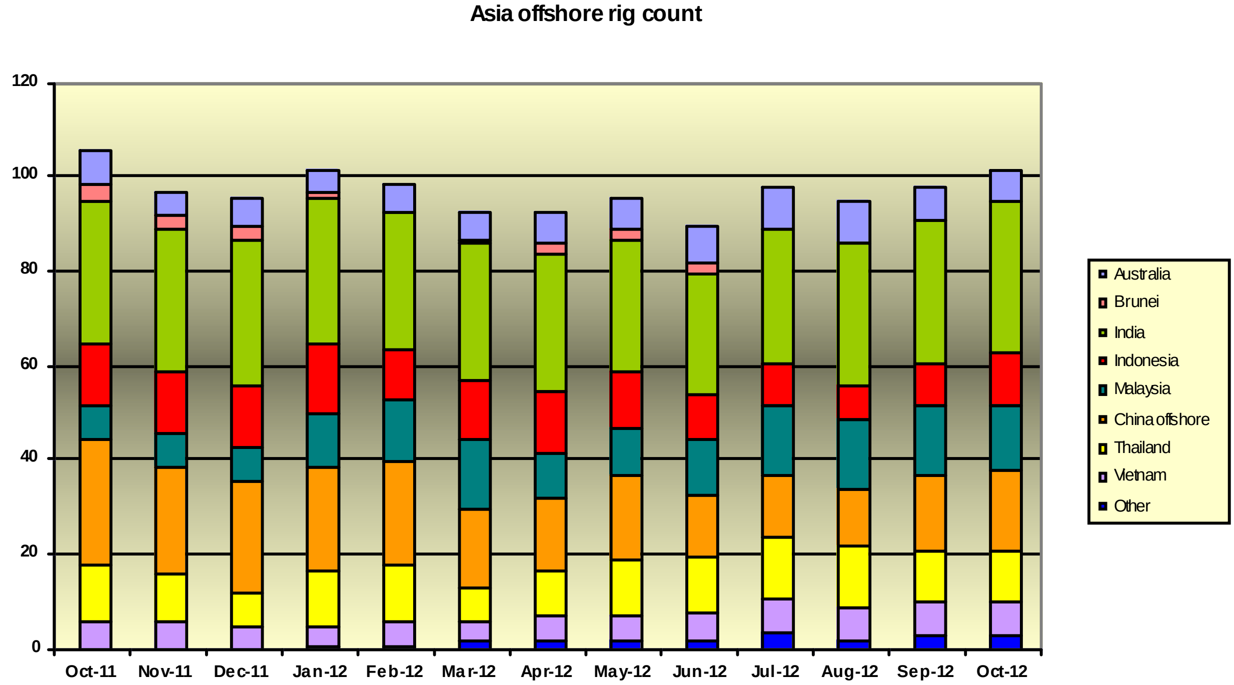
North America
Asia

STATISTICS

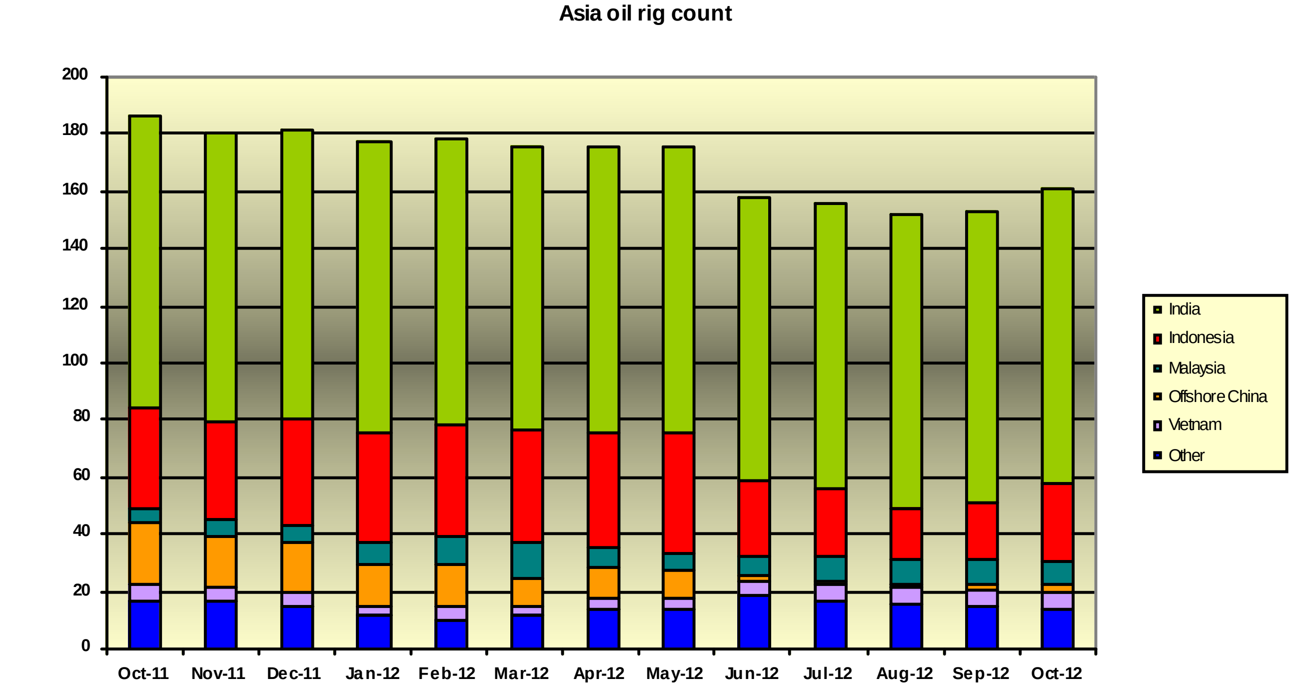


Source: Baker Hughes

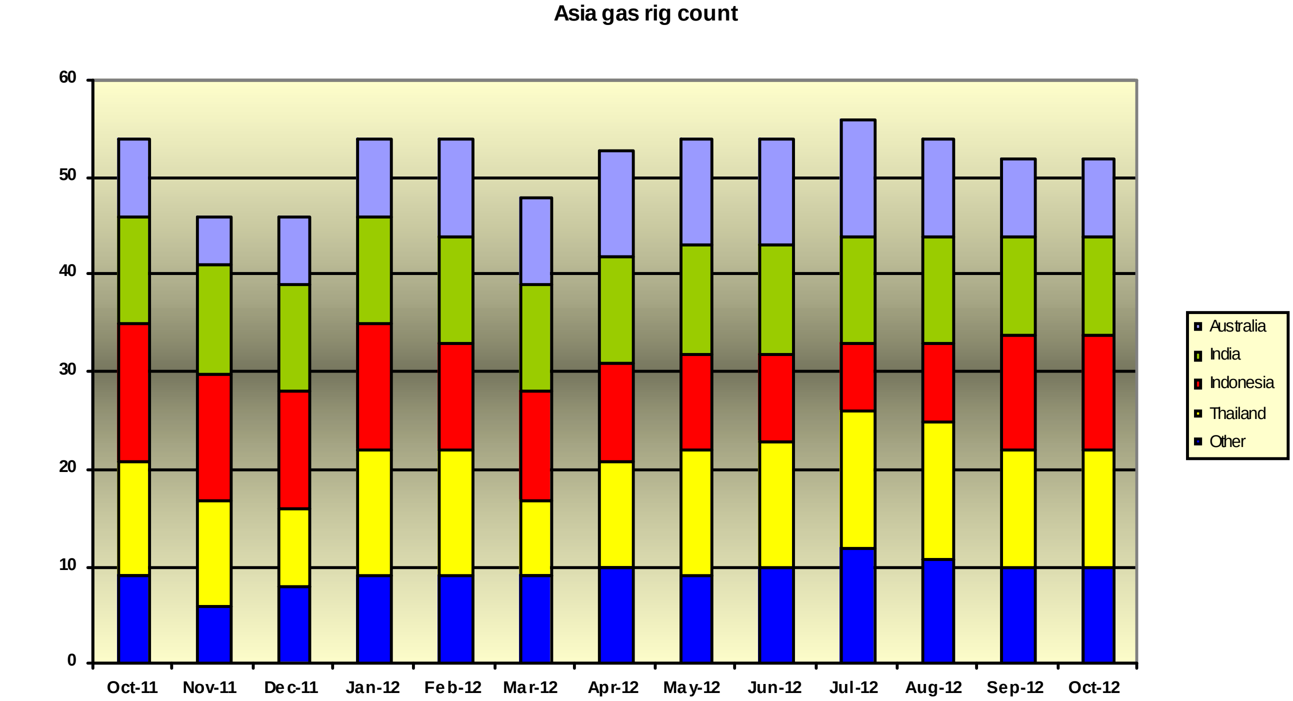


Source: Baker Hughes

STATISTICS



Source: Baker Hughes



Source: Baker Hughes

CONFERENCES

OFFSHORE CONVENTION : MYANMAR 2013

Myanmar: Gearing Up for the Emerging Oil & Gas Opportunities

OC MYANMAR 2013

MYANMAR 2013

16-18 JAN

OFFSHORE CONVENTION : MYANMAR 2013

16-18 JAN 2013 I MYANMAR I YANGON

Myanmar has abundance of natural oil & gas resources especially in the offshore areas. With three main large offshore oil and gas fields and 19 onshore ones, Myanmar has attracted dozens of foreign oil companies to make investments which can be represented by Total, Chevron, PPT, PTTEPI, DAEWOO, Gail, ONGC, KOGAS,CNPC,PCML and so on.

Following the positive political climate and the easing of s anctions by western countries, 2013 is definitely the year of booming for Myanmar's offshore E&P sector. The OC Myanmar's 2013 will provide great opportunitiesto hear from Myanmar senior official governments and industrial leaders in terms of new investment policies, development trends, unexplored areas, state-of-the-art technologies and others.

We warmly welcome you to join us on 16-18 Jan 2013 to explore potential business opportunities in Myanmar offshore oil & gas sector.

Key Topic Highlights to be Covered Include

New investment environment and policies incentives of developing offshore market in Myanmar

Introduction of new E&P agreements as well as legal, taxation and other approval processes in investing offshore E&P.

Prospectives of Myanmar's offshore market and investment opportunities to foreign companies

International experiences from top oil companies

Overview of Myanmar's geologicalstructure and E&P opportunities in offshore undeveloped sectors

Independent companies' experience in offshore project(MPRL's experience, the first independent oil company investing in offshore sector)

Technology challenges for offshore E&P development

Sustainable E&P offshore development

You Are Expected to Hear From

U Htin Aung, Director General, Energy Planning Ministry of Energy, Myanmar

Dr Kan Zaw, Deputy minister, National Planning & Economic Development

Mr.Tin Maung Yee, Director, Exploration&Eevelopment, Myanmar

U Tin Zaw Myint, Assistant Director Ministry of Energy-Myanmar Petroleum Products Enterprise

Kanita Sartwattayu, Development Planning&Strategy, Myanmar Projects at PTTEP

Peter Coleman, Executive director of Deloitte Forensic,Sinagpore

Namita Shas, General Manager of Total E&P Myanmar

U Moe Myint, CEO of MPRL, Myanmar

Andrew Reid , Group CEO (Aberdeen), Douglas-westwood

Alok Gupta, Sr. VP at ONGC Videsh, India

Denis Welch, CEO of IHC Merwede Asia Pacific

and others......

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CONFERENCES

NEWSBASE INFORMATION

HEADLINES FROM A SELECTION OF NEWSBASE MONITORS THIS WEEK

Oil and Gas Sector

AfrOil

Saipem and Eni officials have resigned in connection with an Algeria-focused corruption probe.

ChinaOil

CNOOC is planning to buy 14 small and medium-sized LNG tankers.

EurOil

Mediterranean Oil & Gas (MOG) has been granted a one-year extension of its PSC for Malta Offshore Area 4.

FSU OGM

Russia has made its first shipment of LNG to Japan via the Northern Sea Route.

GLNG

Singapore is to launch a feasibility study on building a second LNG import terminal.

MEOG

Petroleum Development Oman expects to post record production of 1.25 million boepd for 2012.

Downstream MEA

Iraq is holding a road show in London on December 14 to seek investments for two export pipelines.

Unconventional OGM

ExxonMobil and Talisman Energy are in talks to sell their Polish shale gas exploration licences to PKN Orlen.

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