



PETRONAS AND SHELL SIGN PRODUCTION SHARING CONTRACTS FOR ENHANCED OIL RECOVERY

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New projects to boost production offshore Sarawak and Sabah

PETRONAS and Shell Malaysia today signed two new production sharing contracts (PSCs) for enhanced oil recovery (EOR) projects offshore Sarawak and Sabah.

The contracts build upon two existing PSCs for fields in the Baram Delta Operations area and North Sabah, where oil has been produced for decades using mainly primary and secondary recovery techniques.

The development is expected to have a positive impact on Malaysia's oil reserves and benefit the country as a whole. Associated work activities and new investments from the partners are expected to extend the life of the fields to beyond 2040 and lead to increased oil production.

Under the new contracts, Shell Malaysia's upstream companies and partner PETRONAS Carigali Sdn. Bhd. will further develop six oil fields in the Baram Delta offshore Sarawak, and three oil fields in the North Sabah development area offshore Sabah, using EOR or other appropriate related technologies.

The innovative deal combines the remaining periods of the earlier PSCs which would have expired in 2018 (Baram Delta Operations) and 2019 (North Sabah) with license extension to 2040, and with the addition of the EOR component for integrated PSCs with new terms.

"This agreement is a good example of how partners working together can apply technical innovation to make the most of the world's valuable energy resources," said Shell Chief Executive Officer Peter Voser.

Anuar Taib, Chairman Shell Malaysia added "The development extends the sustainability of Shell Malaysia's upstream operations in the country for at least another generation or two of Shell staff, and will have a real impact on Malaysia's oil reserves and the country's upstream oil and gas industry."

Malaysia's Prime Minister Yang Amat Berhormat Dato' Sri Mohammad Najib Abdul Razak witnessed the signing between the two companies. The contracts were signed by President and Chief Executive Officer of PETRONAS Dato' Shamsul Azhar Abbas and Chief Executive Officer of Royal Dutch Shell Peter Voser.



About us

EQUITY/PSCs

PETRONAS Carigali holds a 60 per cent equity interest in the BDO production sharing contract (expiry 2018) and is operator, with Shell holding the remaining 40 per cent equity interest. The North Sabah PSC (expiry 2019) is Shell-operated, with each company holding a 50 per cent equity interest. Shell currently has participating interests in 14 PSCs in various offshore blocks in Sarawak and Sabah, excluding these new ones.

The Baram Delta EOR PSC comprises the Bokor, Bakau, Baram, Baronina, Betty, Fairley Baram, Siwa, Tukai and West Lutong oil fields, while the North Sabah EOR PSC contains St. Joseph, South Furious, SF30 and Barton fields.

COMPANIES

Shell Malaysia's upstream companies refer to Sarawak Shell Bhd (SSB), Sabah Shell Petroleum Company Ltd (SSPC), and Shell Sabah Selatan Sdn Bhd (SSS).

BENEFITS

The projected increase in the average recovery factor in the BDO and North Sabah fields will be from 36% to 50%, adding significant value to the upstream industry in Malaysia sustainably over the coming decades.

TECHNOLOGY

On a combined basis, these EOR development opportunities could be the biggest in the world in an offshore environment. The technology employed in the North Sabah fields could potentially lead to the first field-scale offshore Chemical EOR in the world. The technology employed in the North Sabah fields could potentially lead to the world's first offshore Alkaline Surfactant Polymer (ASP) EOR project using horizontal wells.

Enquiries

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Cautionary note