



PETRONAS Procedures and Guidelines for Upstream Activities (PPGUA 3.0)

PREAMBLE VOLUME 1

© 2013 PETROLIAM NASIONAL BERHAD (PETRONAS)

All rights reserved. No part of this document may be reproduced, stored in a retrieval system or transmitted in any form or by any means (electronic, mechanical, photocopying, recording or otherwise) without the permission of the copyright owner.

VOLUME 1

PREAMBLE

Table of Contents

Executive Summary	3
1.1 Introduction	3
1.2 Management of Non-Compliance	3-4
1.3 Procedures and Guidelines Differentiation	4-7
1.4 List of Departments and Companies	7
1.4.1 PMU Line Departments	7
1.4.2 Other Departments/Subsidiaries of PETRONAS	7
1.4.3 Contractors	8
Abbreviations	9

VOLUME 1

PREAMBLE

Executive Summary

PETRONAS Procedures and Guidelines for Upstream Activities (PPGUA 3.0) has been revised to incorporate the updated procedures for upstream activities in Malaysia. This document is expected to be a one-stop reference document to regulate how Contractor should undertake upstream activities with good and modern petroleum practice in Malaysia.

The development of this document was contributed by both PETRONAS and Contractors' representatives who are the subject matter experts in their respective areas.

The list below denotes the standard definitions that shall be used throughout this entire document:

- a) Contractor means PS/RS Contractor, a company that enters into Production Sharing Contract or Risk Service Contract with PETRONAS.
- b) Contract means Production Sharing Contract or Risk Service Contract, whichever is applicable.

1.1 Introduction

The contents in this PPGUA 3.0 shall be regarded as current and updated version and shall supersede the procedures and guidelines issued by PETRONAS previously.

These procedures may be revised or amended from time to time upon written notice by PETRONAS. In the event of conflict between these procedures and guidelines and the respective Contract, the respective Contract shall prevail. Any amendment to these procedures and guidelines will be effective on the day PETRONAS notifies Contractor.

1.2 Management of Non-Compliance

Contractor must safeguard operational and manpower safety, efficiency and good industry practices as well as establish an internal control system to efficiently ensure compliance to this PPGUA 3.0. Non-compliance to this document may lead to financial and/or legal consequences.

Contractor shall notify PETRONAS about its inability to comply with any procedures in this document and to request for exemption from complying with it. This exemption is solely under the discretion of PETRONAS. However, Contractor shall bear full responsibility and liability of such act or omission.

The request for exemption must be attached with the Contractor's approved Management of Change (MOC), which shall include a risk assessment, mitigation plan and expected timeline in complying with

VOLUME 1

PREAMBLE

this PPGUA 3.0.

1.3 Procedures and Guidelines Differentiation

Throughout these procedures and guidelines, there are a mix of words used to describe mandatory requirements, minimum requirements and recommendations:

- a) The words 'shall, must, have/has to, are/is obliged to and are/is required to' denote mandatory requirements that Contractor needs to follow.
- b) The word 'should' denotes recommendation, which the Contractor may follow in the absence of the Contractor's own internal guidelines or standards.
- c) The phrase 'minimum requirements' defines the basic requirements that Contractor needs to follow. Wherever applicable, Contractor may perform over and above these minimum requirements.

This PPGUA 3.0 contains 10 volumes based on respective field life cycle and business processes as per the followings:

VOLUME	GUIDELINES/PROCEDURES	
Vol. 1: Preamble	0	Preamble
Vol. 2: Petroleum Investment	1	Block Acquisition
	2	Farm In/Farm Out Exercises and Media Announcement
Vol. 3: Health, Safety & Environment	1	Health, Safety and Environment
	2	Emergency Communication Procedure
Vol. 4: Planning and Budget	1	Work Programme & Budget (WPB) and Related Processes
	2	Annual Review of Petroleum Resources (ARPR)
	3	Crude Oil Annual Production Target & Quarterly Performance Review (QPR)
	4	Gas Production, Condensate & Quarterly Performance Review (QPR)
	5	Enhanced Capacity Review

VOLUME 1

PREAMBLE

VOLUME	GUIDELINES/PROCEDURES	
Vol. 5: Exploration	1	Exploration Production Sharing Contract Management
	2	Seismic Data Acquisition/Processing Operation
	3	Non-Seismic Survey
	4	Geo Hazard Survey
Vol. 6: Field Development	1	Field Development Plan (FDP) Approval and Review Process
	2	Project Execution Phases and Activities
	3	Project Reporting and Documentation
	4	Final Investment Review
	5	Project Risk Management
	6	Procurement Activities
	7	Fabrication
	8	Transportation and Installation of Offshore Project
	9	Hook-up and Commissioning
	10	Malaysia Regulatory Requirements
	11	Exclusive Economic Zones
	12	Lessons Learnt
Vol. 7: Operations Management	1	Well and Reservoir Management
	2	Well Test and Surveillance
	3	Facilities Reliability and Integrity Management
	4	Liquid Hydrocarbon Measurement
	5	Gas Measurement
	6	Onshore/Offshore Operations
	7	Gas Flaring/Venting Limit
	8	PETRONAS Guidelines for Barges Operating Offshore Malaysia (PGBOOM)
	9	Asset Relinquishment
	10	Decommissioning of Upstream Installations
	11	Operating Performance Improvement

VOLUME 1

PREAMBLE

VOLUME	GUIDELINES/PROCEDURES	
Vol. 8: Drilling and Well Operations	1	Drilling Programme Approval
	2	Recording and Reporting
	3	Drilling QA/QC
	4	Drilling Unit Design, Manning and Logistics
	5	Well Design and Drilling Operations
	6	Formation Evaluation
	7	Completion Operations
	8	Barriers and Well Integrity
	9	Plug and Abandonment of Wells
	10	Workover and Well Intervention Operations
	11	Onshore Drilling Operations
	12	Onshore Completions, Workover and Intervention Operations
	13	Material Handling and Disposal
Vol. 9: Finance	1	PSC Contractual Payments
	2	Crude Oil Entitlement Percentage (COEP)/Gas Entitlement Percentage (GEP) and Crude & Condensate Allocation Sales Hydrocarbon (CA\$H)/Crude Oil Sharing Entitlement (COSE)
	3	PSC Surplus Material in Relation to Inter PSC Transfer/ Disposal
	4	Facilities Charging Mechanism
	5	Reporting Statements
	6	Provisional PSC Account Adjustment (PPAA)
	7	PSC Account Restatement
	8	Cost Recovery Appeal Committee (CRAC)
Vol. 10 : Others	1	Malaysianisation
	2	Inventory and Warehouse Management
	3	Tenders and Contracts
	4	Capability Building
	5	Data Management and Data Submission
	6	Technology Management
	7	Upstream Information Release

VOLUME 1

PREAMBLE

Apart from the volume booklets, PPGUA 3.0 can also be accessed on the internet through www.petronas.com.my and <https://platinum.petronas.com.my>.

1.4 List of Departments and Companies

This document was developed jointly with various PMU Line Departments, other departments and subsidiaries in PETRONAS and Contractors. PMU Management wishes to express its gratitude to all parties who have contributed to the development of the procedures and guidelines:

1.4.1 PMU Line Departments

- a) Finance & Accounts
- b) Health, Safety & Environment (HSE)
- c) Petroleum Operations Management (POM)
- d) Petroleum Resource Development (PRD)
- e) Petroleum Resource Exploration (PREX)
- f) PMU Legal
- g) PSC Supply Chain Management Governance
- h) Strategic Planning (SP)
- i) Technical Data (TD)

1.4.2 Other Departments/Subsidiaries of PETRONAS

- a) E&P Corporate Affairs & Administration
- b) Group Corporate Affairs Division
- c) PETRONAS ICT Sdn. Bhd.
- d) PETRONAS Maritime Services Sdn. Bhd.

VOLUME 1

PREAMBLE

1.4.3 Contractors

- a) Balai Cluster Petroleum Sdn. Bhd.
- b) BHP Billiton Petroleum (Sabah) Corporation
- c) Carigali Hess Mutiara Petroleum Sdn. Bhd.
- d) Coastal Energy Company
- e) ConocoPhillips (East Malaysia) Ltd.
- f) ExxonMobil Exploration & Production Malaysia Inc.
- g) Hess Oil & Gas Sdn. Bhd.
- h) INPEX Offshore North West Sabah Ltd.
- i) JX Nippon Oil and Gas Exploration (M) Ltd
- j) Kebabangan Petroleum Operating Co. Sdn. Bhd.
- k) Lundin Malaysia B.V.
- l) MDC Oil & Gas (SK302) Ltd.
- m) Murphy Sarawak Oil Co. Ltd.
- n) Newfield Peninsula Malaysia Inc.
- o) PCPP Operating Company Sdn. Bhd.
- p) Petrofac (Malaysia-PM304) Ltd.
- q) PETRONAS Carigali Sdn. Bhd.
- r) PEXCO Sarawak N.V.
- s) SHELL Exploration & Production
- t) Talisman Malaysia Ltd.
- u) Tately NV
- v) Total E&P Malaysia

VOLUME 1

PREAMBLE

Abbreviations

TERM	IN FULL
ARPR	Annual Review of Petroleum Resources
CA\$H	Crude & Condensate Allocation Sales Hydrocarbon
COEP	Crude Oil Entitlement Percentage
COSE	Crude Oil Sharing Entitlement
CRAC	Cost Recovery Appeal Committee
FDP	Field Development Plan
GEP	Gas Entitlement Percentage
HSE	Health, Safety & Environment
MOC	Management of Change
PGBOOM	PETRONAS Guidelines for Barges Operating Offshore Malaysia
PMU	Petroleum Management Unit
POM	Petroleum Operations Management
PPAA	Provisional PSC Account Adjustment
PPGUA	PETRONAS Procedures and Guidelines for Upstream Activities
PRD	Petroleum Resource Development
PREX	Petroleum Resource Exploration
PS/RS	Production Sharing/Risk Service
PSC	Production Sharing Contract
QA/QC	Quality Assurance/Quality Control
QPR	Quarterly Performance Review
SP	Strategic Planning
TD	Technical Data
WPB	Work Programme & Budget