

Forging Ahead

Collaborating to Win with Energy Transition

The upstream industry in Malaysia remains vibrant and continues to attract investors, as evidenced by the substantial capital and operating expenditure channeled by investors, also known as the Petroleum Arrangement Contractors (PACs). Their investments have been brought in for activities in production operations, assets and field development projects, exploration drilling and seismic acquisitions.

Furthermore, in the wake of a healthy rebound following the COVID-19 pandemic, Malaysia Bid Rounds have witnessed enthusiastic responses. Close to 80 per cent of Malaysia's acreages are now fully awarded in the form of production sharing contracts to PACs, setting the pathway towards long-term investment and growth in hydrocarbon production.

PETRONAS, through Malaysia Petroleum Management (MPM) as the upstream oil and gas industry shaper, regulator and investment enabler, continues to transform the industry to becoming lower-cost and lower-carbon amidst the energy transition. The long-term focus is to pursue and achieve sustainable value-driven production growth in keeping with our Net Zero Carbon Emissions by 2050 pathway, monetise oil and gas resources, strengthen core capabilities and continually build upon each of these competencies. Malaysia's production currently stands at about 500 thousand barrels per day (kb/d) of liquids and 7,000 million standard cubic feet per day (MMscf/d) of gas. This achievement is underpinned by a substantial investment of over RM700 billion spanning the period since PETRONAS' inception in 1974.



A Promising Outlook

PETRONAS' future is anchored on a long-term target to sustain and grow Malaysia's oil and gas production of two million barrels of oil equivalent per day (MMboe/d) by 2025 and beyond. This will be supported by various oil and gas projects in the pipeline such as Kasawari, Jerun, Rosmari-Marjoram and Lang Lebah in Sarawak, Gumusut-Kakap Redev and Belud Clusters in Sabah, and Bekok Oil Redev, Tabu Redev and Seligi Redev in Peninsular Malaysia, amongst others.

With numerous ongoing and upcoming projects in the pipeline, a large amount of job opportunities is expected for OGSE providers. These opportunities span across various upstream activities, within the different phases of Life of Field (LoF), including exploration, development, production and decommissioning.

Exploration activities include extensive seismic, non-seismic and geological studies that must be carried out to enhance the prospectivity of acreages as well as meticulous planning of exploration drilling. For the next three years, more than 25 wells are forecasted to be drilled each year with a focus on shallow water wells in Peninsular Malaysia and Sarawak, and deepwater wells in Sabah to sustain and spur exploration growth in the country. Service providers are expected to contribute to the success of the exploration activities by applying the latest technology and expertise in this area.

The development phase, which encompasses advanced subsurface studies and efficient execution and delivery of development projects to drive resource maturation and monetisation, is another pivotal facet of upstream operations. Within the next three years, more than 45 upstream projects are expected to be executed; four Central Processing Platforms (CPPs) are projected to be fabricated; three onshore facilities are expected to be constructed and approximately 1,130 km of pipelines are expected to be fabricated and installed. In this area, PETRONAS and the PACs expect OGSE and industry players to provide the essential products and services required to drive the success of these development projects to be on time, on budget, on scope and on value (OTOBOSOV).





PETRONAS plays a pivotal role in overseeing petroleum operations in Malaysia, primarily to maximise production efficiency and sustainability of oil and gas supply. To sustain production volume and operability of the producing assets, an average of about 300 Facilities Improvement Plans (FIPs) have been planned to be carried out each year for the next three years. These include rejuvenation projects, gas turbine and gas generator change-out activities and other major maintenance activities, which will be carried out to eliminate bottlenecks and maximise hub capacity. FIPs also play a crucial role in curbing flaring activities at new onshore facilities, thereby contributing to decarbonisation efforts. The strength of OGSE industry across various disciplines such as logistics, maintenance and supplies ensure production operations continue without disruption, efficiently and safely.

Another significant aspect in Upstream Malaysia operations is the decommissioning activities for matured assets. In line with driving decommissioning execution to restore the area to a safe and environmentally stable condition, disused assets are assessed for potential reuse or repurpose. For the next three years, decommissioning plans include the plugging and abandonment of about 130 wells and the abandonment of about 50 facilities.

A strong and balanced ecosystem is vital for the sustained growth of Upstream Malaysia. Key to this equation is the optimal performance of service providers to ensure the successful delivery of projects. It is imperative that OGSE players continue to operate and align to industry benchmarks to ensure efficiency, safety and reliability in its operations. This is significant as it will cultivate a capable and competitive pool of service providers who not only meet but exceed these benchmarks, contributing to the continued success of Malaysia's upstream industry.

In addition, service providers must prioritise and invest in health, safety and environmental protocols to not only safeguard the workforce but also minimise adverse environmental impact. In tandem, they must demonstrate the ability to adapt to the ever-changing oil and gas landscape. Staying abreast with technological advancements and consistently enhancing processes are imperative to sustaining production at a competitive price.



A Sustainable Future

The continued growth of Malaysia's upstream sector will hinge on the combined efforts of various industry stakeholders; PACs, OGSE and business partners. To excel in this field, it is imperative for all facets of the ecosystem to work together and collaborate to improve in several key areas, including prioritising health and safety, and boosting our commitment to initiatives that will allow us to achieve sustainability, adopt technological innovations and enhance workforce skills.

PETRONAS via MPM is always open to fostering more extensive collaborations and partnerships with all players of Upstream Malaysia. Together, we can achieve a secure, resilient, cost-effective and lower-carbon future.

