



# SHARED PROSPERITY THROUGH SUSTAINABILITY

MALAYSIA-THAILAND JOINT AUTHORITY

[WWW.MTJA.ORG](http://WWW.MTJA.ORG)

MALAYSIA-THAILAND JOINT AUTHORITY

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ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS 2021



ANNUAL REPORT AND  
AUDITED FINANCIAL STATEMENTS  
2021



## SHARED PROSPERITY THROUGH SUSTAINABILITY

The cover design is simpler and more direct but the emphasis on MJTA's pursuit for fulfilling ESG criteria is still maintained.

Thus, the title of the cover uses the word 'sustaining' in order to reflect MJTA's future-forward and sustainable priorities that will contribute to the long-term growth of the joint authority as well as prosperity between Malaysia and Thailand.



More information is available at  
<https://www.mtja.org/>

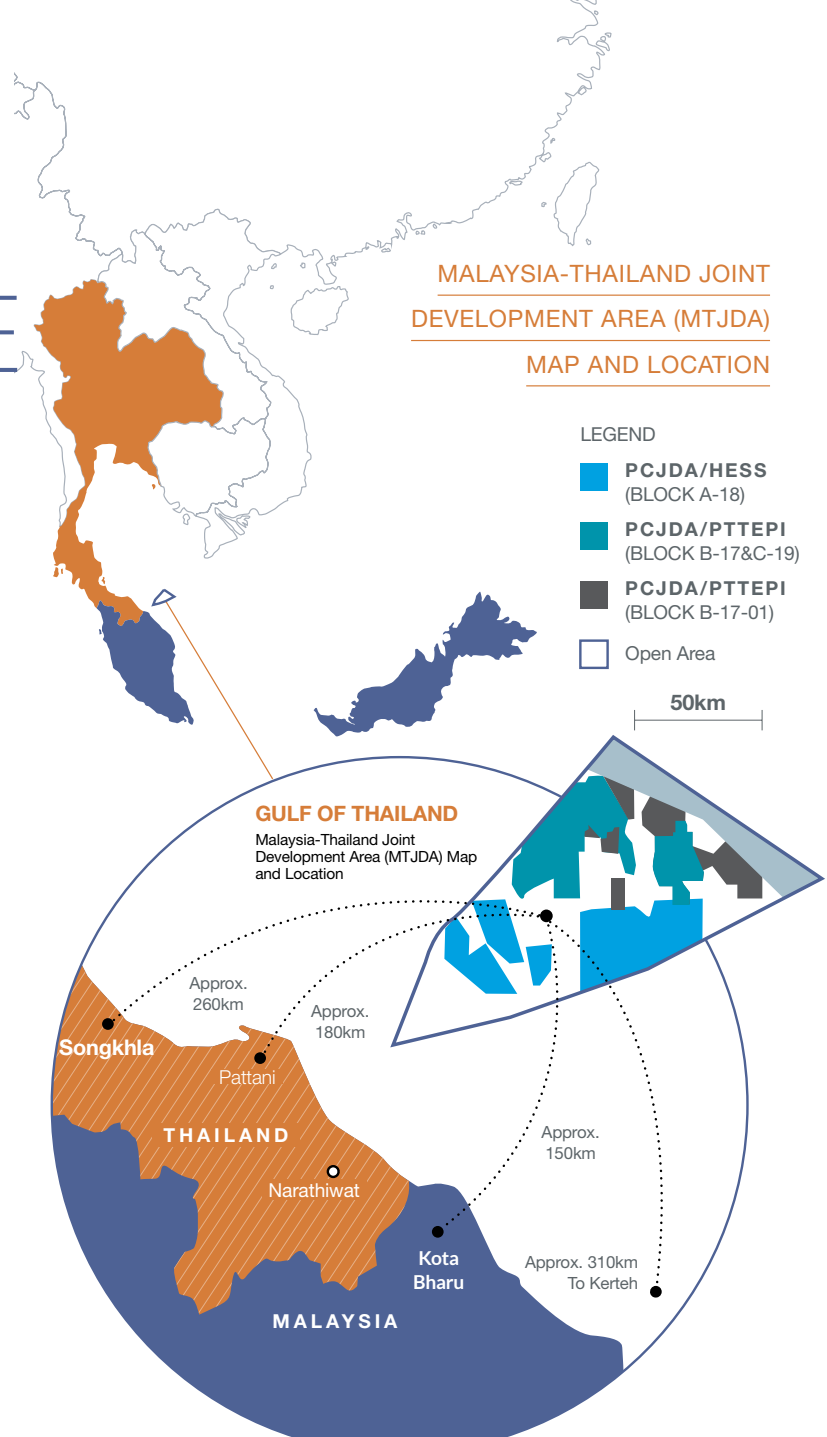
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# 02 MTJA AT A GLANCE



## 2.1 MTJA ESTABLISHMENT

MTJA, the abbreviation for Malaysia-Thailand Joint Authority was established on 23 January 1991, in accordance with the Memorandum of Understanding between Malaysia and Kingdom of Thailand on the Establishment of MTJA, 1979 (MTJA MOU), Agreement between the Governments of Malaysia and Thailand on the Constitution and Other Matters Relating to the Establishment of the MTJA, 1990 (MTJA Agreement) and the Malaysia-Thailand Joint Authority Act 1990 (Act 440/B.E. 2533) (MTJA Act).

SIZE OF MTJA AREA  
**7,250**  
 SQUARE KILOMETRES

TOTAL GROSS REVENUE  
**USD**

**32.5** BILLION  
 SINCE 1<sup>ST</sup> PRODUCTION IN 2005

OWNERSHIP & OPERATIONS

**50:50**  
 JOINT DEVELOPMENT AREA

MTJDA is located in the lower part of the Gulf of Thailand and the northern part of the Malay Basin. The size of the area is approximately 7,250 square kilometres.

MTJA was established as a statutory body to assume all rights and responsibilities on behalf of both Governments, which is vested with the exclusive rights, powers, liberties and privileges to explore and exploit the non-living resources, particularly petroleum, in the offshore overlapping continental shelf claim area of both countries known as the "Joint

MALAYSIA-THAILAND JOINT DEVELOPMENT AREA (MTJDA) MAP AND LOCATION

LEGEND

- PCJDA/HESS (BLOCK A-18)
- PCJDA/PTTEPI (BLOCK B-17&C-19)
- PCJDA/PTTEPI (BLOCK B-17-01)
- Open Area

50km

GULF OF THAILAND

Malaysia-Thailand Joint Development Area (MTJDA) Map and Location

Development Area" (JDA). MTJA is wholly owned by the Governments of Malaysia and Kingdom of Thailand with a sharing basis of 50:50.

The main task for MTJA is to ensure compliance of the MTJA Act, MTJA Agreement and the terms and conditions stipulated in the PSCs signed with the Contractors. MTJA, as a regulatory body, oversees the overall development of the JDA and ensuring the activities carried out in the JDA are in line with the spirit of the MTJA Act.

# MISSION STATEMENT

To explore and exploit petroleum resources in the Joint Development Area (JDA).

## VISION

- Brothers drinking from the same well.
- Gas for security of supply to Malaysia and Thailand.

### QUALITY POLICY STATEMENT

- MTJA staff are committed to perform their tasks diligently, competently, and in unity, for the progress and success of our organisation.
- We strive to enhance our knowledge and be well informed in order to always do things better, with dedication, honesty and accountability.

### FUNCTIONS OF MTJA

- To grant rights (with Governments approval) for exploration and production of petroleum in the JDA in the form of a Production Sharing Contract (PSC).
- To supervise, manage & control petroleum exploration and exploitation in the JDA.
- To coordinate with Government Department on matters such as Customs & Taxation and also to assist Contractors for their optimal & orderly petroleum operations.
- To collect royalty & other benefits derived from the petroleum resources in the JDA for the two Governments.

### MTJA RISK STATEMENT

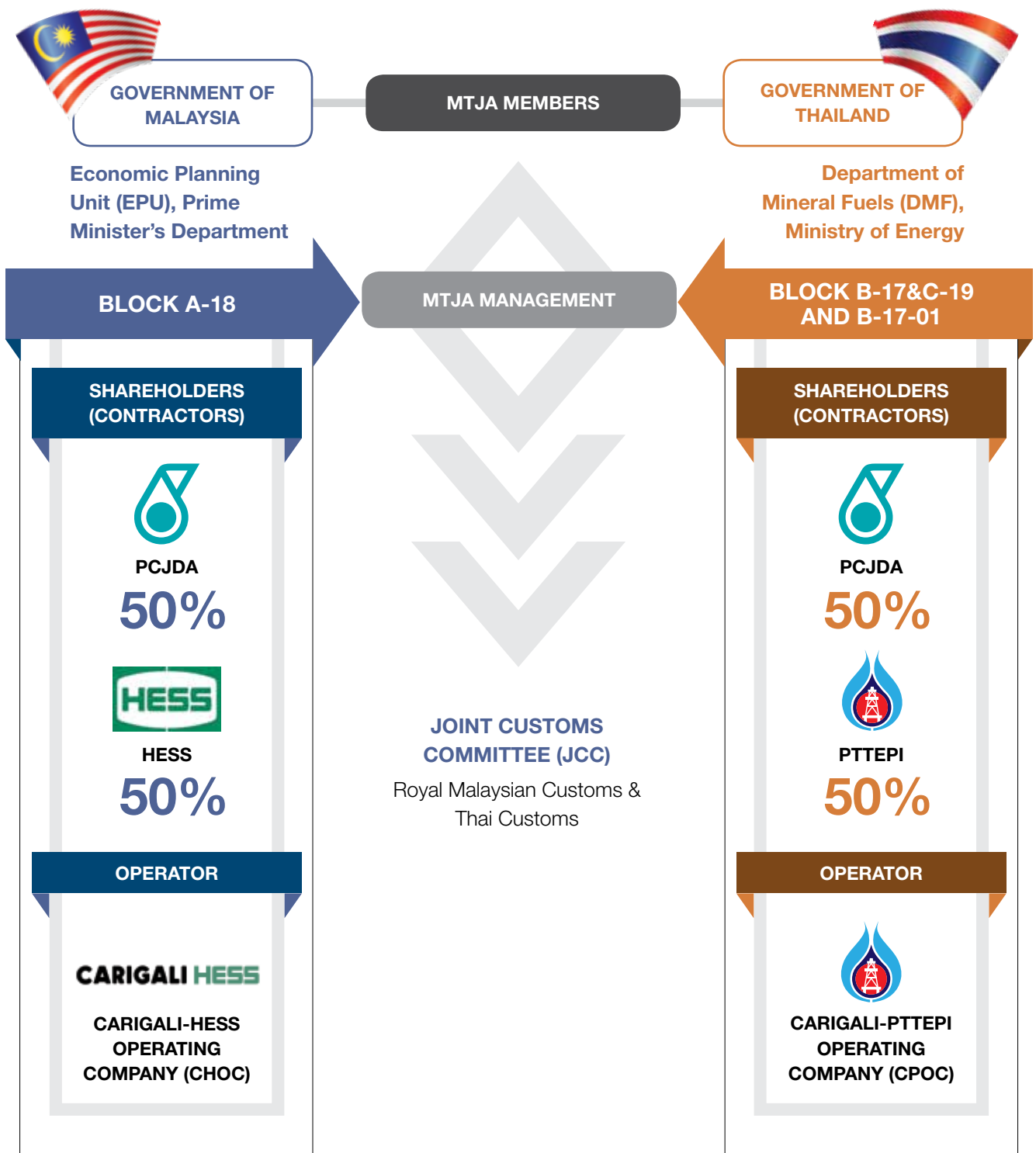


MTJA shall take reasonable care and actions to mitigate and eliminate risks to ensure safe and optimum exploitation and development of hydrocarbon by the PSC Operators within the Joint Development Area and ensuring sustainable gas supply and remittance to both Governments.



**2.2 MTJA STRUCTURE ARRANGEMENT**

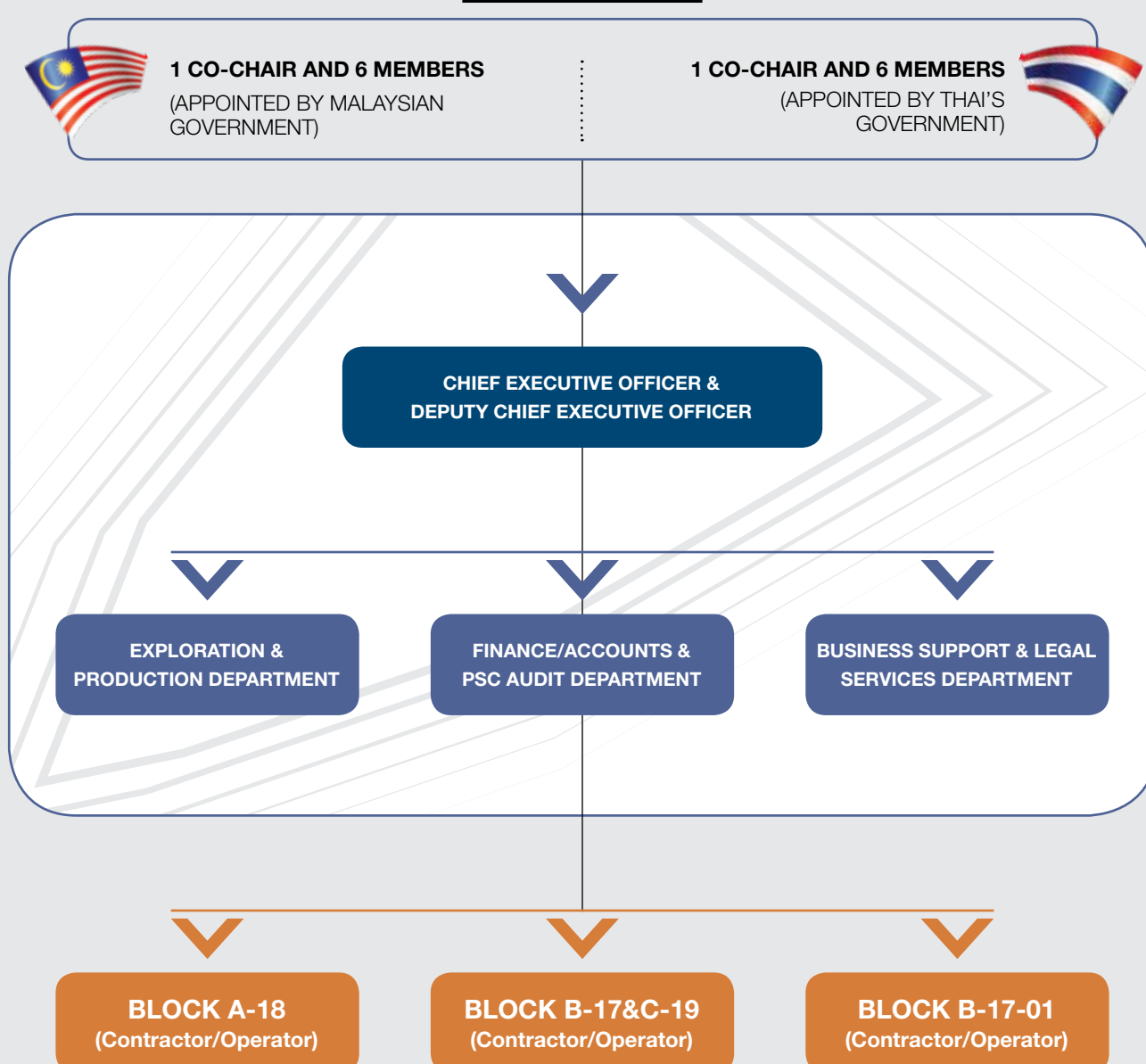
MTJA is a Joint Authority organisation reporting to both Governments through the Economic Planning Unit (EPU) of Prime Minister Department of Malaysia and Department of Mineral Fuels (DMF) of Thailand. The Organisational Structure comprises MTJA Members appointed in equal number by the respective Governments.



## MTJA ORGANISATION STRUCTURE

The strength of MTJA in its roles is spearheaded by MTJA Management comprising equal number of Malaysian and Thai executives in eight (8) positions (CEO, DCEO, Department Managers & Assistant Managers in three (3) Departments) to oversee three (3) main areas of responsibilities – Exploration & Production Department, Finance/Accounts & PSC Audit Department and Business Support & Legal Services Department. There are 35 approved positions in MTJA. MTJA organisational structure is linked with its three (3) Production Sharing Contract (PSC) Contractors' for Block A-18, Block B-17&C-19 and Block B-17-01 and two (2) Operators in the JDA.

### MTJA MEMBERS



### 2.3 PRODUCTION SHARING CONTRACT (PSC)

JDA area consists of three (3) blocks which are Block A-18 operated by Carigali-Hess Operating Company Sdn. Bhd (CHOC), Block B-17&C-19 and Block B-17-01 operated by Carigali-PTTEPI Operating Company Sdn. Bhd (CPOC) with detailed as per below:

#### THE AWARDED 3 PSCS



PSC PARTIES	OPERATOR	PSC EXPIRY	CURRENT DCQ/CDC	GAS BUYERS
MTJA, PCJDA, HESS	CHOC	20 April 2029	790/869 MMSCFD	PTT, PETRONAS

## BLOCK A-18



PSC PARTIES	OPERATOR	PSC EXPIRY	CURRENT DCQ/CDC	GAS BUYERS
MTJA, PCJDA, PTTEPI	CPOC	20 April 2029	250/275 MMSCFD	PTT, PETRONAS

## BLOCK B-17&C-19



PSC PARTIES	OPERATOR	PSC EXPIRY	CURRENT DCQ/CDC	GAS BUYERS
MTJA, PCJDA, PTTEPI	CPOC	29 September 2039	250/275 MMSCFD	PTT, PETRONAS

## BLOCK B-17-01

DCQ - Daily Contract Quantity

CDC - Contractual Delivery Capacity i.e 110% from DCQ



MTJA awarded two (2) Production Sharing Contracts (PSC) in the JDA on 21 April 1994, namely Block A-18 and Block B-17&C-19. The first production came on stream in 2005 from Block A-18 followed by Block B-17&C-19 in 2009.

On 30 September 2004, with approval from both Governments, MTJA awarded PSC Block B-17-01 to PC JDA and PTTEPI. During the exploration period, CPOC as the Operator had obtained nine Gas Holding Area in Block B-17-01. The first production of the Block B-17-01 came on stream in 2016.

On 29 September 2012, the contract period for the exploration activities in Block B-17-01 expired and Non-Gas Holding Areas were relinquished to MTJA and merged as a new "Open Area". A dynamic planning on technical and commercial are under study to construct the "Open Area" for further exploration plan.

In 113<sup>th</sup> MTJA Meeting, MTJA decided to pursue the new open block as to divide it into 2 separate blocks namely Block A-18-01 and Block B-17-02 to accommodate existing Contractors. Pursuant to this decision, the approach is to negotiate directly with existing Contractors of Block A-18 for Block A-18-01 and with existing Contractors of Block B-17&C-19 and B-17-01 for Block B-17-02.

In 2017, MTJA conducted the "PSC Improvement Study" to evaluate MTJA current fiscal terms to ensure the terms remain competitive in current industry climate and to allow both Governments to monetise the remaining small hydrocarbon resources in the Open Area and appointed Gaffney-Cline & Associates as consultant for PSC Improvement Study to assess current oil and gas business environment vis-a-vis existing PSCs.

In 2018, MTJA conducted the study on MTJA Strategy and PSC improvement to identify possible solutions for PSC framework regarding open blocks and beyond 2029. The outcome of study has provided possible and optimal solutions on PSC framework which benefit both Governments and investors.



BOTH COUNTRIES ENERGY SECURITY IS THE KEY DRIVER IN ENSURING THE SUSTAINABILITY OF GAS SUPPLY WHICH ALSO NEED TO BALANCE WITH CONTINUITY OF INVESTMENT BY THE POTENTIAL CONTRACTORS.

In 2019, MTJA utilised Reserves Fund to conduct a study entitled "MTJA Strategic Options And Roadmap For Business Continuity After 2029".

The objective of the study was to identify the appropriate strategy and PSC valid options to Members for consideration and endorsement for both governments' consideration upon expiring PSC in 2029. This is also to manage license expiry as early as possible, to minimise the risk and impact of short-term view by incumbent operators.

In 2020, MTJA progressed on effort to Manage PSC expiry beyond 2029. MTJA Members were engaged in various MTJA Meetings to ensure the best possible options taken without cause any disruption to the operation and gas supply.

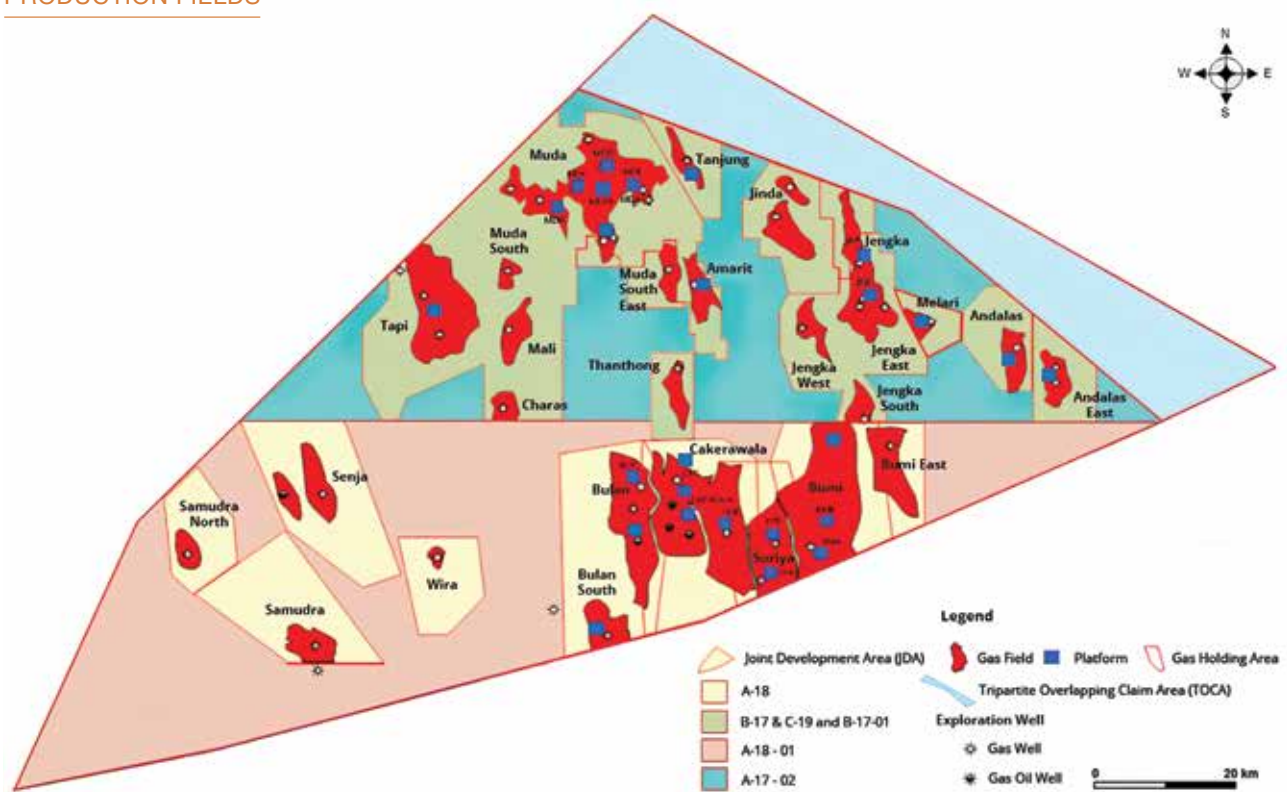
In 2021, MTJA has unlocked various key milestone and gained clarity on managing the expiring PSC. MTJA was guided by principles which were established to have balanced approach while protecting MTJDA value. Both countries energy security is the key driver in ensuring the sustainability of gas supply which also need to balance with continuity of investment by the potential contractors. JDA has significant potential growth to be monetise despite licenses expiring by 2029. Substantial amount of investment (CAPEX & OPEX) are needed to develop and produce the remaining resources which can increase the value to be received by both Governments even beyond 2029.

MTJA will continue to finalise the PSC Beyond 2029 and to obtain both governments' approval in 2022.

## 2.4 JDA ASSETS

The upstream activities in the JDA involve exploration, appraisals, development and production of natural gas. The JDA has a total of 2 central processing platforms and 26 wellhead platforms. Furthermore, the development wells drilled, and the implementation of new technologies had substantially increased well productivity.

### JDA EXPLORATION AND PRODUCTION FIELDS



#### FACT AND FIGURES:

PSC awarded	3	Central Processing Platforms	3
Gas fields discovered	27	Living Quarter Platform	1
Producing fields	12	Riser Platforms	2
Exploration/Appraisal Wells	84	Wellhead Platforms	26
Development Wells	344	Floating Storage Offloading (FSO) vessels	2

## 2.5 TRANSPORTATION OF GAS AND CONDENSATE

### GAS PIPELINES

#### TRANS THAILAND -

#### MALAYSIA PIPELINE

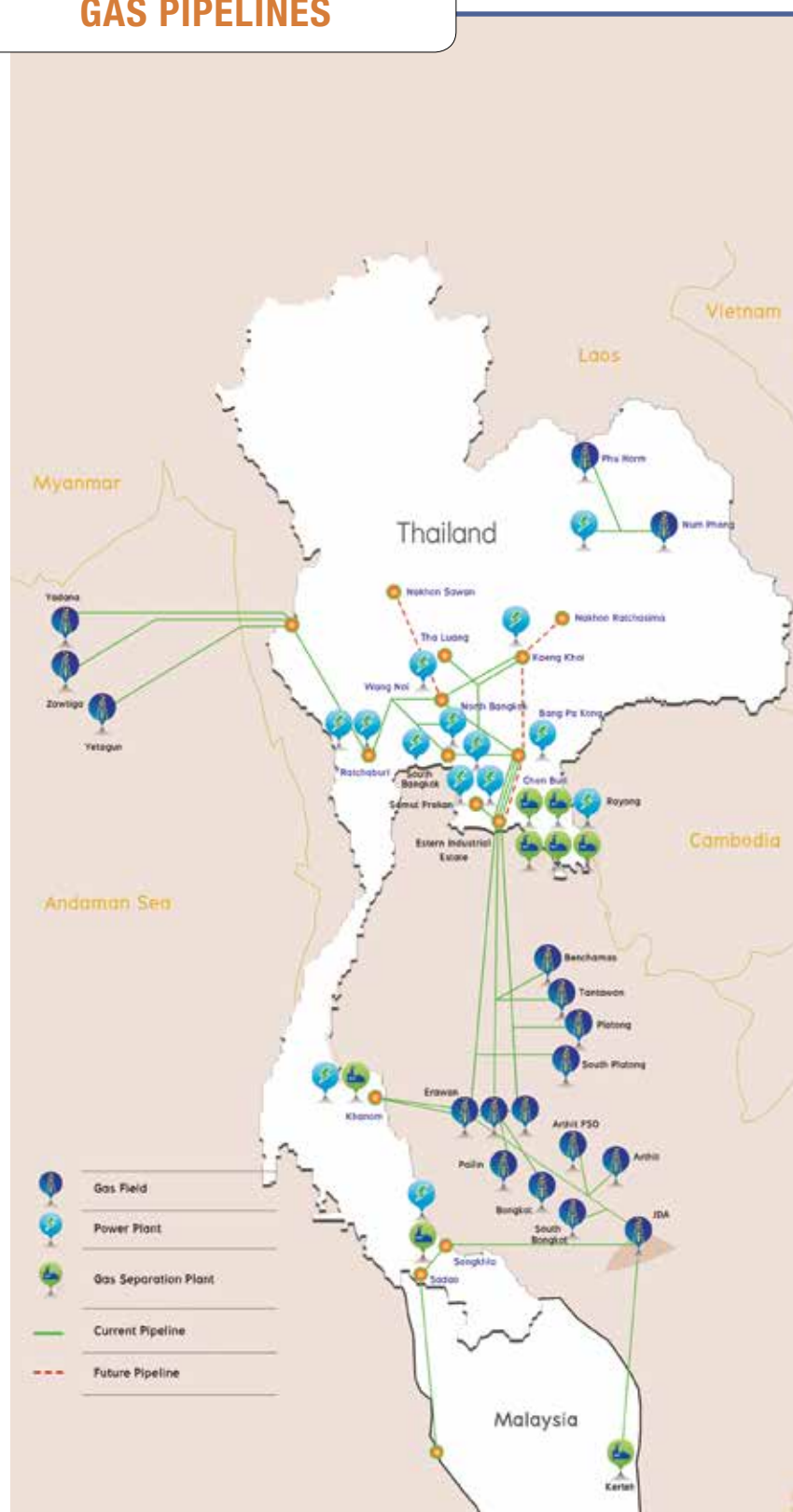
- Subsea pipeline (34" x 267km) from JDA Block A-18 to Gas Separation Plant (GSP) in Chana, Songkhla, Thailand.
- Sales gas from GSP is used as fuel in Chana Power Plant while the balance gas is piped through 36" x 98km pipeline from Chana to Changlun, Kedah to comingle with the Peninsular Gas Utilisation (PGU) - III system.

#### NORTHERN PIPELINE

- Subsea pipeline (42" x 727km) from JDA Block A-18 (connected with 24" lateral pipeline from JDA Block B-17&C-19) to GSP at Rayong through PTT Riser Platform (PRP).

#### EVA – ENERGY PIPELINE

- The installation of subsea pipeline (24" x 72km) was completed in October 2014 from JDA Block B-17&C-19 to Bergading Riser Platform (BRP) via 28" x 290km pipeline from BRP to Kerteh Terminal. 1<sup>st</sup> gas delivery to Kerteh was on April 2015.



### FLOATING STORAGE OFFLOADING (FSO) VESSEL

Condensate is a by-product of gas that also contributes to the MTJA's revenue. Following the separation of any volatile light hydrocarbons, a stabilised condensate production in the JDA is then transported by Puteri Cakerawala and Ratu Songkhla Floating Storage Offloading (FSO) vessel with tank top capacity of 550,000 barrel capacity for both FSO.



**PUTERI  
CAKERAWALA FSO**



**RATU  
SONGKHLA FSO**

## 2.6 JDA GAS BUYER AND SELLERS ARRANGEMENT

The gas sales from JDA Block A-18, B-17&C-19 and B-17-01 are governed by Gas Sales Agreement (GSA) and each party have their representatives in managing the operational matters of the gas sales.

