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[FBIS Translated Text] [Tan Duc] In 1995 Total announced their decision to withdraw from the Oil Refinery No. 1 project. They announced recently that they were ready to participate in the Oil Refinery No. 2 project. What comments do you have on this news?

[Ho Si Thoang] The decision by Total to withdraw from the Oil Refinery No. 1 project is their internal business. It was part of their business strategy and tactics. For a large project such as an oil refinery, and for a large company such as Total, any adjustment in strategic policy is quite understandable. In the field of international investment, such an event is not rare.

They recently announced their readiness to participate in Oil Refinery No. 2. We consider that a token of goodwill and we welcome it.

At present, the number of companies wanting to participate in Oil Refinery No. 2 is large; Total will be treated equally with other companies. We think that the news regarding Total coming back is normal. It simply means that Total does not want to leave Vietnam. And in fact Total is operating in Vietnam, primarily in oil prospecting. At present they have a block where oil and gas has been found. They are also a partner with the contractors for Dai Hung [Big Bear] oil field and a partner in a joint venture with us and Thailand to distribute gas, and there can be more projects in the future.

[Tan Duc] The Mitsui group recently announced that they would withdraw from the project to build the first liquefied

gas plant in Vietnam. Could you please inform us if there is any company ready to fill Mitsui's place? And what is PetroVietnam's decision? Also, with the withdrawal of Mitsui, the prospective main financier of the project, will the project be slowed down?

[Ho Si Tnoang] Again, Mitsui have their own reasons for the withdrawal from the project, just like Total from the oil refinery. We do not see that as an indication of deteriorating relations between the two sides.

PetroVietnam will have to go ahead with the project, with or without Mitsui. In fact, in the early stages of the project, we expected to join forces with Mitsui and British Gas in building the conduct pipe (which we are now using), the central compressor platform for the Bach Ho [White Tiger] oil field (at present we are hiring Samsung and Buoygues Offshore to build it, with costs estimated at nearly \$125 million), and the liquefied gas plant and other inland facilities.

To date, only the last part of the project remains to be completed: the liquefied gas plant and other inland facilities for export services (storehouses and quays).

As Mitsui has left, we and British Gas are continuing our negotiations. Furthermore, many other companies have expressed their wish to cooperate with PetroVietnam in this project, so we are not at all concerned about lacking partners. The more important thing is that the project should be carried out within the time schedule.

Once again we would emphasize PetroVietnam's resolve in this matter and our confidence that we can fulfill the project as assigned by the government, including the completion of the gas conduct pipe system from the Bach Ho oil field to the liquefied gas plant and the distribution of dried gas to consumers in mid-1997.

[Tan Duc] It is known that PetroVietnam has completed the masterplan on fuel gas development and the plan is now being considered by the government. If possible could you please give some major features of the demands for gas investment and consumption described by the masterplan?

[Ho Si Thoang] The project concerning the fuel gas masterplan was not carried out by PetroVietnam but by a working team under the auspices of the Ministry of Planning and Investment. We are only members, though of course we are the major ones.

First, I need to stress that so far we have just begun to estimate Vietnam's gas potential. Normally it takes other countries several years, or even decades, to complete this estimation task. We have just discovered gas in Vietnam during the last couple of years. We believe that the gas reserves in Vietnam will be relatively large, at least they will be adequate to satisfy the demand of industrial development for the years to come and for several decades into the 21st century.

Based on the existing figures, we are sure we have enough for the demand in the coming years, for example about

5-7 billion cubic meters each year. The main tasks of the plan are to estimate the prospects and consider the demands in the years to come, including the demand in production for electricity, fertilizer, and chemicals and the demand for fuel material in various industries.

In short, so far we can confirm that for domestic use only, from now until 2000, 2005, or even 2010, we can be completely assured that the supply of gases (natural and associated gases) will be adequate for our domestic industrial development targets.

We are in the process of preparing to put into service gas reserve No. 06 in South Con Son and to bring gas to land in 1998. It is important for us to start the project. Once we start operations, we will have the advantage of 350-km of conduct pipe bringing gas inland and to Bien Hoa and Ho Chi Minh City.

[Tan Duc] Lastly, could you please outline some of PetroVietnam's main projects in 1996, which is the first year your general corporation starts operations under the new finance regulation mechanism?

[Ho Si Thoang] In the 1996-2000 period PetroVietnam will continue its process of fine-tuning in terms of structure, functions, and activity content, including prospecting, exploitation, and transportation.

We are going to build Oil Refinery No. 1, so we will also need to build processing plants, petro-chemical plants, and other projects such as those concerned with the distribution and export of petrol products, crude oil export, and petrol-related services. In general, in the next five years PetroVietnam will strive to be present in all areas of the oil and gas industry and to become an oil and gas corporation of international caliber.

Regarding financial regulations, since late 1994 the government has had a temporary financial policy for PetroVietnam. That is a very open policy. In the near future, we will surely have a new and official policy based on the business law and the regulations for state general companies. In this area, we hope that the state will soon complete the legislation and regulations regarding the activities of major general companies, including our Vietnam Oil and Gas General Corporation, so that we can operate better. Of course, the main responsibility for developing and showing our capacity and self-reliance rests with ourselves. The state will provide its support for us in our development.

Other countries have many state-owned as well as share-holding oil and gas companies that function very efficiently, and we can benefit from learning from them.

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