MALAYSIA
Oil & Gas
Industry Overview and Approach

In Partnership with:

Department for International Trade
Understanding the role of Malaysia’s PETRONAS

The Role of PETRONAS:

“We play a dual role - an oil and gas operator of international calibre, as well as Malaysia’s host authority and resource owner”.

PETRONAS derives its authority from Malaysia’s PETROLEUM DEVELOPMENT ACT 1974.

In order to participate in exploration and production activities, foreign companies MUST enter into a Production Sharing contracts (PSC) or Risk sharing contract (RSC) with PETRONAS.
Working with PETRONAS – (Non Exploration or Production)

- **A license** is required for any entity that wishes to supply goods / services to the **upstream sector** (Including maritime activities)

- Entities will need to be **registered** with PETRONAS to be able to supply goods / services to the **downstream sector**

License/Registration exist in the form of **SWEC Codes (Standardised Work & Equipment Categories)**
SWEC (Standardised Work & Equipment Categories)

- SWEC is a work and equipment category relating to requirements of both UP and DOWN stream sectors in the Oil and Gas industry in Malaysia.

- Companies must attain the relevant SWEC codes to be able to supply to PETRONAS.

- To attain the relevant SWEC codes, both General and Minimum Technical Requirement (MTR) must be satisfied.
MTR (Minimum Technical Requirements)

- There are ‘Minimum Technical Requirements’ for each corresponding SWEC Codes.

<table>
<thead>
<tr>
<th>Work Category</th>
<th>Description</th>
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<tbody>
<tr>
<td>PC1</td>
<td>To supply, deliver and provision of associated services for water injection module chemicals (e.g. CI, Biocide, Polyelectrolyte and etc)</td>
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<td>PC1 09</td>
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<td>PC1090200</td>
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<tr>
<td>Chemical</td>
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<tr>
<td>Common Chemicals</td>
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<td>Water Injection Module</td>
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</table>

| Mode of Operation | Agent |

<table>
<thead>
<tr>
<th>Key Personnel</th>
<th>Facilities in Malaysia</th>
<th>Equipment / Machineries</th>
<th>Company’s Experience</th>
<th>External Bodies Registration</th>
<th>Quality</th>
</tr>
</thead>
<tbody>
<tr>
<td>Position Title</td>
<td>Qualification</td>
<td>Experience</td>
<td>E.g. Warehouse, Dockyard</td>
<td>E.g. Tools</td>
<td>Company's Experience</td>
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<td></td>
<td>Principal to have min of 10 years in formulate, manufacture, supply and provision of associated services in Integrity Chemicals for Oil &amp; Gas</td>
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General Requirements

1. Registered with the Registrar of Companies (ROC) as: “Sdn Bhd” (i.e. private incorporated) or “Berhad/Bhd” (i.e. public incorporated) company or Land Surveyor, Quantity Surveyor, Architect or other related professional bodies

2. Has a paid-up capital in the form of ordinary shares of not less than RM100,000 (for License application) and RM10,000 (for Registration application)

3. Has a stable financial standing i.e. the shareholders’ fund must be positive

4. Meet the Bumiputera participation requirement for Equity, Board of Directors, employee based on the Standardised Work and Equipment Categories (SWEC) applied a minimum Bumiputera requirement of either 30%, 51% or 100%
Exclusive agents (Structure)

- “An agent is a Company that represents a foreign manufacturer / foreign principal on an exclusive basis.”

The appointed agent company must apply for the PETRONAS License / Registration by complying with the general requirements for PETRONAS Licensing / Registration.
Joint Venture (Structure)

- Form a new Joint Venture (JV) company with a local company/individual

**Diagram:**
- Local Firm
- Foreign Firm
- abc sdn.bhd.
- Licensed / Registered with Petronas
- PETRONAS

Joint Venture company may submit their License / Registration application to PETRONAS by complying to the general requirements for PETRONAS Licensing / Registration
Recent Developments

Malaysia’s Petronas to Slash $11.4 Billion in Capital, Operating Expenses
The plan by Malaysia’s state-oil company comes as oil prices slide below $30 a barrel

By YANTOUitra NGUI
January 18, 2016

Malaysian Energy Firm Petronas Plans Several Hundred More Job Cuts
Petronas, struggling to deal with lower oil prices, earlier this year unveiled 1,000 job cuts

By YANTOUitra NGUI
Areas of Opportunities: Coral 2.0

Cost Reduction Alliance 2.0 is a long-term industry wide programme driven by PETRONAS with an aim to inculcate cost-conscious mindset across Upstream Malaysia.

There are three main objectives under CORAL 2.0:

1. To inculcate cost-conscious mindset.
2. To benchmark efficiency with best-in-class performance.
3. To increase collaboration and innovation as well as infuse global best practices.
How the chamber can help?

With industry insight and strategic partnership with key industry representatives, we will be able to assist by crafting a viable entry strategy and gauge the overall feasibility of a business venture to Malaysia.
For further enquiries, please contact:

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For information on licensing/registration with PETRONAS please refer to PETRONAS’ General Guidelines. Available at: [www.petronas.com.my/partnering-us](http://www.petronas.com.my/partnering-us)