Welcome to eMPRC newsletter

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President /
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As 2012 comes to an end, I am tremendously encouraged by the various efforts and initiatives that MPRC was able to take part in together with other oil and gas industry players. The industry has a lot of potential waiting to be tapped and cultivated, and these activities are only the tip of the iceberg.

I believe that the oil and gas industry can play a catalytic role to support the country's growth and harness the economic potential of various industries and its human capital development. As we look forward to 2013, we anticipate challenges yet we see vast opportunities globally and regionally in selected markets.

We believe that the oil and gas sector is on the cusp of dynamic growth, and we seek industry's support to make Malaysia the number one oil and gas hub in the Asia Pacific region.

On behalf of my Board, Management and staff of Malaysia Petroleum Resources Corporation, I want to thank all of you for your unwavering support and contributions this past year. I want to wish all of you a blessed and fruitful 2013 ahead.

Have a happy holiday with your family and loved ones and travel safe.

Building relationship with Oman's Ministry of Oil and Gas

Malaysia's work in extracting more value from its oil and gas resources has attracted the attention of many countries who also share a similar vision for their own hydrocarbon assets. Recently, the Sultanate of Oman invited Malaysia Petroleum Resources Corporation (MPRC) to Oman to discuss how both countries could share ideas to develop the oil and gas sector further.

Oman's Minister of Oil and Gas, HE Mohammed Hamad Al Rumhy met with MPRC's President/ Chief Executive Officer Dr. Emir Mavani and executive director Syahrilazli Mahammad to discuss areas of common interests and investments such as Pengerang. Oman is particularly interested to see how Malaysia transformed Pengerang from an idyllic backwater into a modern, world class oil and gas hub that will serve the Asia Pacific region. It was also an opportunity to assess how Malaysian companies could potentially do business in Oman and vice versa.

Assisting and collaborating with other countries such as Oman's Ministry of Oil and Gas is part of MPRC's objective to give greater exposure for Malaysian companies in regional markets or for Omani companies to take part in developing Malaysia's oil and gas industry.

Oilfield Services and Manufacturing

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Given the massive developments in oil and gas industry in Malaysia, the huge demand for quality employees to support the needs of the industry has become a major concern. Many graduates were not aware of the broad range of career opportunities available in this industry. The issue of graduates' securing meaningful jobs was also a major concern.

The Ministry of Higher Education recently launched the Graduate Employability Blueprint 2012-2017 to identify issues that affected graduates' employability and marketability and to explore ways to address those issues. According to Minister of Higher Education Datuk Seri Khalid Nordin, the Blueprint "will address matters raised by industry, and strategies to meet industry needs and requirements."

The oil and gas sector was one of five industries identified under the Industry Centre of Excellence (ICoE) category. Malaysia Petroleum Resources Corporation was a major driver in bringing oil and gas players and tertiary institutions together to take part in ICoE. The Agency is partnering with Universiti Teknologi Malaysia (UTM) to develop programmes under the ICoE. Other industries include automotive, electrical, electronics, wholesale and retailing.

Under the Blueprint, industry players, tertiary institutions and government agencies are putting efforts to develop programmes to ensure that graduates have the right capabilities and skillsets to grow and contribute to the oil and gas sector. These initiatives will ensure that quality of human capital remains high while ensuring that industry have sufficient work force to sustain their growth for the foreseeable future.

Did you know?

1) What is the name given to the tall, main structure of a drilling rig?

a) The Rig Dig
b) The Derrick
c) The Fat Rock
d) The Crown

Correct Answer: **b) The Derrick**

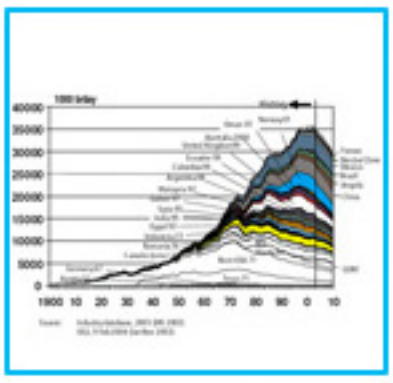
The Derrick is the part of the drilling rig that houses the block and drill line used for lowering and raising the drill pipe in the drilling process.

2) Since Petroleum discovery which animal was largely saved of its oil used?

a) Fish
b) Tiger
c) Whale
d) Cow

Correct Answer: **c) Whale**

In the 19th century, high demand for whale oil for industrial uses fueled the whaling industry. Indeed, whale oil was widely used for lamp illumination (whale oil burned slowly without any odor), candle wax, and clock lubricants.
Whale oil was used as a glaze for early photographs, and it was an essential ingredient for pharmaceuticals, soap, varnish and cosmetics (whale oil imparts a "rich glossy sheen"). Thanks to petroleum distillation, however, the demand for whale oil dropped significantly until there's no longer any economic reason to go whaling. Indeed, commercial whaling was completely banned in 1986.
One final note: there is one thing that we still use whale oil for and that's space exploration. NASA found out that sperm whale oil does not freeze even in very cold temperatures (like in outer space), thus making it an ideal lubricant for space probes.



3) Have Malaysia Reached Peak Oil?

a) Yes
b) No

Correct Answer: **a) Yes**

This graph shows that oil productions have peaked in non-OPEC, non-former Soviet Union countries. Domestic oil production in the Malaysia peaked in 1977.
"Peak oil" is a concept created by geoscientist M. King Hubbert in 1956 to predict when U.S. oil production would peak.

Scientists and oilmen are concerned about the amount of oil produced over time and the amount of oil still in the ground that can potentially be extracted in the future. Why? Because the cost of production would begin to go up as oil becomes scarcer (at the same time, the world's population would continue to grow thus requiring even more oil).

Economists say that oil demand is inelastic - this means that a small drop in production can cause price to skyrocket. Indeed, in the 1970s oil shock, a production drop of 25% caused oil price to jump 400%. So clearly peak oil spells trouble for the world's economy.

So, have we reached peak oil? Some people argue that we have and certainly the rising oil prices lend support to this argument (note that the decline in the value of the dollar also contributed to high oil prices), whereas others argued that we're about a decade away from reaching this point. It's prudent to note that other researchers predicted that we would reach peak oil in the 1990s, and that obviously didn't happen.

But one thing is for sure: if the 1970s oil crises were any indications, high gas prices are here to stay.

Oil Producing Countries Past Peak (Year of Peak) Austria (1955), Germany (1967), United States (lower 48, 1971), Canada (conv. 1974), Romania (1976), Indonesia (1977), United States (Alaska, 1989), Egypt (1993), India (1995), Syria (1995), Gabon (1997), Malaysia (1997), Argentina (1998), Venezuela (1998), Colombia (1999), Ecuador (1999), United Kingdom, (1999), Australia (2000), Oman (2001), Norway (2001), Yemen (2001), Denmark (2004), Mexico (2004).