

**YAB DATUK PATINGGI (DR) ABANG HAJI ABDUL
RAHMAN ZOHARI BIN TUN ABANG HAJI OPENG
RIGHT HONORABLE CHIEF MINISTER OF SARAWAK**

**PETROLEUM SARAWAK BERHAD INAUGERAL OFFICIAL
LAUNCHING SPEECH
6TH MARCH, 2018**

Industry Leaders

Members of the Media

Distinguished Guests

Ladies and Gentlemen

- Foremost, I wish to convey my warmest greetings to you all present here tonight, which includes players from the oil and gas sectors, the GLCs, corporations and everyone who come from near and far to be with us at the official launching of Petroleum Sarawak Berhad (PETROS).

Ladies and Gentlemen,

- Today marks yet another milestone in the State's Oil and Gas inclusion efforts and especially for Sarawak, simply because we have a new source to enable us to increase the depth of our state's resources management model.
- My State cabinet and I, are very happy indeed because we are taking the bull by the horns in our efforts to transform our State economy in order to leap frog to new heights. So

this event tonight is a momentous occasion not only for Sarawak but also for Malaysia.

Distinguished Guests, Ladies and Gentlemen

Historical background

- Let me begin by sharing a few words about the State of Sarawak's humble journey in the Oil and Gas industry.
- The Oil mining in Sarawak started on 22.12.1910 when the first oil well in Miri was commissioned. [Photo of the "old lady" in Miri]
- In 1920, the Rajah issued what was known as "the Shell Concession Order" to designate the area in Miri for the exploration and mining of Oil by Sarawak Oilfield Limited – which was owned by Shell. [Copy of Order to be displayed]
- Exploration for oil offshore Baram area took place in the 1930s by the Dutch and the British.
- In 1952, the Sarawak Colonial Government issued an Oil Mining Lease, in the form of a Deed, to Sarawak Oilfields Limited with the liberties, right and privileges to explore and mine all "the petroleum lying or within under or throughout the territory comprising the Colony of Sarawak including lands beneath all territorial waters...." [Map to be displayed].

- In 1954, the Queen in Council passed the Sarawak (Alteration of Boundaries) Order to extend the boundaries of Sarawak to include the area being the seabed and its subsoil which lies beneath the high seas contiguous to the territorial waters of Sarawak. [Display the Order]
- In 1958, Council Negeri passed the Oil Mining Ordinance to “make better provision in the law relating to oil mining in Sarawak and its Continental Shelf”. [Display long title of Ordinance].

Ladies and Gentlemen,

STATE’S RIGHTS TO OIL REMAIN IN TACT AFTER MALAYSIA DAY

- Therefore, before Malaysia Day (16 September, 1963), Sarawak already owned all the petroleum resources both onshore and offshore, in the Continental Shelf, and have complete control over the grant of prospecting, exploration and mining rights within the boundaries of Sarawak which by virtue of Article 2 of Federal Constitution cannot be altered without the approval of the Sarawak to be expressed by a law passed by the State Legislature. [Display Articles 1 and 2 of Federal Constitution].

- On Malaysia Day, the State has the constitutional rights to issue prospecting licences, mining leases under Item 2(c) of the State List in Ninth Schedule of Federal Constitution which provides that “Land, including permits and licences for prospecting for mines; mining leases and certificates” are under the legislative authority of the State and therefore, by virtue of Article 80 within the executive authority of the State Government of Sarawak” [Display Item 2(c)]
- Federal Government’s right under Item 8(j) of Federal List in Ninth Schedule is subject to Item 2(c) of State List. This means the Federal Government’s authority on oil and oilfields and the development of mineral resources, is subject to the State’s rights to grant mining rights for oil and natural gas within Sarawak. [Display Item 8(j)]
- All laws passed by Parliament must not be inconsistent with Federal Constitution: Article 4 declares that the Federal Constitution is the supreme law of the Federation. [Display Article 4]
- Sarawak Oil Mining Ordinance was never repealed by any emergency laws promulgated when the 1969 Proclamation of Emergency was in force.
- The 1969 Proclamation of Emergency was annulled in 2011. Thus, Sarawak is constitutionally entitled to enforce the Oil

Mining Ordinance and assert our constitutional authority over the rights to mine oil and gas in Sarawak.

PRIME MINISTER'S ASSURANCE

- The YAB Prime Minister has stated categorically that rights inadvertently taken away from the State (including that is, during the period of the said Emergency) will be given back to the State. [Display News report]
- The State Cabinet has approved a Bill to amend the Oil Mining Ordinance to update its provisions and to provide better enforcement thereof. This Bill will be tabled at the next sitting of the State Legislative Assembly.
- The State Legislative Assembly, in the exercise of its constitutional powers, has already passed the Gas Distribution Ordinance 2016. This Ordinance will be brought into force on 1st July, 2018.

Distinguished Guests, Ladies and Gentlemen

COMPLIANCE WITH STATE LAWS

- Therefore, by July this year, the State will assume full regulatory authority over the upstream and downstream aspects of the oil and gas industry in Sarawak.

- All persons and companies involved in the oil and gas industries in Sarawak, must henceforth, have the necessary licences, permits, leases and approvals required under either the Oil Mining Ordinance or the Gas Distribution Ordinance. In other words, they are required to regularize their operations and activities to comply with all State laws including those relating to the use and occupation of land.
- The enforcement of our State laws will not jeopardize the interests or investments of Petronas and other companies already involved in the Oil and Gas industry in Sarawak, whether upstream or downstream, but, their business and operational activities must be aligned with our laws and regulations.

Ladies and Gentlemen

PETROS AND ITS ROLE

- The Government incorporated Petroleum Sarawak Berhad ("PETROS") to spearhead the State's participation in the Oil and Gas sectors that are considered of strategic importance to the overall socio-economic development objectives of Sarawak.
- PETROS will be granted rights to mine oil and natural gas in the State and be an important player in the upstream Oil and Gas industry. Initially, such a Licence has been issued

and will be handed to PETROS in a little while during this ceremony.

- Given the significant role of PETROS in Sarawak oil and gas sector, I believe, it is important for PETROS to be strong, effective and efficient in performing its mandated roles. To achieve these, delegation of Oil and Gas regulatory and supervisory authority by the State to PETROS is mandatory.
- With this in mind, PETROS must build on its strategic presence in Sarawak in order to grow and to deliver sustainable economic benefits via its business model, while at the same time safeguarding the interests of our State Government and its resources.
- Accordingly, to ensure that PETROS performs its mandated roles in a prudent manner, PETROS is required to seek guidance from the Sarawak Government for broad policy direction in the execution of its strategic roles and responsibilities.

Ladies and Gentlemen,

PETROS TEAM

- In August last year, I appointed PETROS first Board of Directors. Early this year, I have appointed Datin Josephine Hilary Dom, as an additional board member.
- Josephine is a respected individual in the field of finance and accounting has been around in the Malaysian corporate world for more than three decades now.
- As I speak, PETROS already have a Chief Executive Officer (CEO). He is an experienced and professional individual in the Oil and Gas fraternity that will lead a competent and high integrity PETROS operational team.

Ladies and Gentlemen,

- I am delighted to introduce here that Mr. SAAU KAKOK is officially the new CEO of PETROS. Saau, a Bidayuh, spent almost 40 years of his career in the Oil and Gas industry. His last position was the Vice-President for Asia of a US-based independent Oil company.
- PETROS is fortunate to gain Saau's experience, talent and vision. I am confident that Saau, is the right person to lead

PETROS into the future, adding value to the careers of talented young Sarawakians while making PETROS the best place to work.

- Like what I have said, Sarawakians indeed have a good pool of talents with the experience and expertise in Oil and Gas industry and their involvement will be further enhanced with participation in contracts and supply of services offered by PETROS. The State Government will issue guidelines to PETROS to ensure greater and more meaningful participation by Sarawakians and Sarawak companies in this sector.
- Since 1975, Liquefied Natural Gas from Sarawak have been exported by PETRONAS and the revenues so derived have contributed tremendously to the national economy and the development of the Federation. By the exercise of our constitutional rights, the State Government is fulfilling the aspirations of the people of Sarawak that the additional revenues from Oil and Gas will accelerate industrial development and economic progress as to enable Malaysia as a whole to achieve a high income economy by the year 2030.
- The State Government would like to see PETROS work alongside with PETRONAS both in the upstream and downstream sectors of the oil and gas industry. Both Companies can contribute significantly towards the

advancement of the Oil and Gas industry in Malaysia and the economic progress and prosperity of our Nation.

DEVOLUTION OF POWER

- Tonight I would like to announce to Sarawakians as I have promised in Sibul recently. YAB Prime Minister has agreed to return to the State, power that has been inadvertently eroded over the years. Therefore, the State will exploit our natural resources Oil and Gas which is constitutionally under the State List as per Ninth Schedule of the Federal Constitution.
- Indeed, the formation of PETROS and the exercising of the constitutional rights under item 2(c) of the State List and 8(j) of the Federal List as provided in the Ninth Schedule of the Federal Constitution is the outcome of the discussion on Devolution of Power between the State and Federal Government.
- I would like therefore to thank the YAB Prime Minister for agreeing to give back the power that has been inadvertently eroded over the years.
- The launching of PETROS tonight is a clear testimony that substantial progress has been achieved in the ongoing discussion on Devolution of Power.

- With the continued support of the people for the Barisan Nasional, more progress will be made so as to meet the aspirations of Sarawakians that the State of Sarawak to attain the level of development of the more developed States in peninsular Malaysia by having more revenues from our Oil, Gas and other mineral resources to fund the State Government's development agenda and the initiatives launched by me for a Digital Economy for Sarawak.

Conclusion

Distinguished Guests, Ladies and Gentlemen,

I would like to conclude by reiterating the importance for all of us as Malaysians, working together to address our common challenges as we strive to enable Sarawak to benefit from this limited natural resources management initiative.

Once again I wish to thank you all presence tonight to see through the state to develop even at a greater phase with policies like this creation of PETROS.

I wish PETROS, its Board of Directors, new CEO every success in the discharge of their responsibilities to spearhead the oil and gas industry to a new era where the State not only controls and regulates this industry but the State and our people will

truly benefit from the oil and natural gas resources which the State is endowed with.

Thank you very much.