

ENERGY COUNTRY REVIEW

Brunei

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Country Review Brunei

Brunei is a country with a small, wealthy economy that is a mixture of foreign and domestic entrepreneurship, government regulation and welfare measures, and village tradition. It is almost totally supported by exports of crude oil and natural gas, with revenues from the petroleum sector accounting for over half of GDP. Per capita GDP is high, and substantial income from overseas investment supplements income from domestic production. The government provides for all medical services and subsidizes food and housing. The government has shown progress in its basic policy of diversifying the economy away from oil and gas.

History of Oil & Gas

Brunei Darussalam has been known for its vast reserves of petroleum and gas, which has fuelled the nation's economy for the past 75 years and more.

Exploration started in 1899 with the first recorded well drilled close to Brunei town, now known as Bandar Seri Begawan. Enthusiasm was high and six companies were involved in the oil search including Royal Dutch Shell, which started operations in 1913 after discovering the Miri field in Sarawak, Malaysia.

By 1918, all other companies had pulled out except Royal Dutch Shell, which continued to search and found some accumulation of oil and gas in Labi, Belait in 1924. The find was too small to be commercialised.

In 1925, the search shifted to the Seria, Belait coastal strip in the west of the state and it was in 1929 when first commercial find was made at Seria, Belait in 1929 by the British Malayan Petroleum Company, owned by Royal Dutch Shell, which was the forerunner to the present Brunei Shell Petroleum Company Sdn Bhd (BSP).

For a long time, this onshore Seria oil field was Brunei Darussalam's only producing field despite some 48 exploration wells being drilled between 1914 and 1960. It was developed further in 1940 and production had risen to 17,000 barrels per day. Despite extensive

Country Key Facts

Official name:	Sultanate of Brunei
Capital:	Bandar Seri Begawan
Population:	432,682 (2016)
Area:	5,765 square kilometers (2,226 square miles)
Form of government:	Monarchy
Language:	Malay, English, Chinese
Religions:	Muslim, Buddhist, Christian, indigenous beliefs
Currency:	Bruneian dollar
Calling code:	+673

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Government

Brunei's system is governed by the tradition of Malay Islamic Monarchy covering culture, Islam, and the political framework. Brunei has a parliament but there are no elections.

The Sultan is head of state with full executive authority and serving as the Prime Minister, Finance Minister and Defence Minister.

The Energy and Industry Department in the Ministry of Industry and Primary Resources (MIPR) is responsible for oil and gas in Brunei. Brunei National Petroleum Company, also known as PETROLEUM Brunei, is the NOC established in 2002 tasked with realising and enhancing the value of hydrocarbons within designated petroleum blocks.

The main private company is Brunei Shell Petroleum Company (BSP) established in 1922 as the British Malayan Petroleum Company.

Brunei is a member of the Association of Southeast Asian Nations (ASEAN) which it joined in 1984.

damage to the field caused in World War II, post war production peaked to 15,000 barrels per day.

The breakthrough came in the 1960's when technological advances made offshore exploration feasible and the South West Ampa field was discovered in 1963, thirteen kilometres off Kuala Belait.

It was the discovery of the South West Ampa gas field, which sparked plans for the Brunei LNG plant project. The Brunei LNG plant began its operation in 1972 as one of the world's first large scale liquefied natural gas (LNG) plant on the coast of Brunei Darussalam.

Setting new standards in engineering technology, Brunei LNG proved that large quantities of gas could be liquefied safely and shipped over long distances becoming a model for similar ventures throughout the world.

In 1969, a major discovery was found in the Fairley field which is close to Ampa and in 1970, Champion was discovered about 70 kilometres north-east of Seria. Two more oilfields were discovered namely the Magpie which was found in 1975 and Rasau in 1979. These new oilfields increased the production to 250,000 barrels per day at that time.

A milestone was achieved in 1991 when the Seria field produced its billionth barrel and a monument was built near the original site of Well No. 1 to mark the achievement. The Billionth Barrel Monument was officially opened by His Majesty Sultan Haji Hassanal Bolkiah Mu'izzaddin Waddaulah, Sultan dan Yang Di-Pertuan Negara Brunei Darussalam on 18 July 1991.

The signing of two new Petroleum Mining Agreements (PMAs) on 17 December 2003, between the Government of Brunei Darussalam and BSP, marked a significant milestone for Brunei Darussalam, BSP and the Shell Group.

These agreements called the Onshore Petroleum Mining Agreement and the Consolidated First and Second Offshore Petroleum Mining Agreement, respectively, give effect to an extension of BSP's rights for a period of 19 years, with a potential further extension thereafter for up to 15 years. BSP's rights under the Second Offshore concession agreement have also been extended for a period of 15 years, with a similar potential further extension.

The Offshore and Onshore Fields

The most prolific offshore field is Champion, which is in 30 metres of water, about 70 kilometres northeast of Seria. It holds 40 percent of the country's known reserves and produces around 100,000 barrels a day. The field already has more than 260 wells drilled

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from 40 platforms. A central field complex, Champion-7, has living quarters for about 160 personnel, gaslift and compression facilities and water injection facilities.

The oldest field offshore is South West Ampa, 13 kilometres off Kuala Belait. Its reservoirs hold more than half of Brunei Darussalam's total gas reserves and gas production and accounts for 60 per cent of the company's total production. Gas from its 56 gas wells is piped 39 kilometres to the Brunei LNG plant in Lumut. South West Ampa also has substantial oil reserves with 164 oil producing wells.

Close to Ampa are the Fairley and Gannet fields which produce both oil and gas. Fairley has 29 oil and 22 gas wells.

The other major offshore field is Magpie, 60 kilometres north-east of Seria, which has been producing since 1977. Production is now maintained at some 6,000 barrels a day from its 32 wells, drilled from three platforms.

BSP also has a share of production from the Fairley-Baram field, which straddles the border with Sarawak.

In January 1992, BSP's seventh field came on stream at Iron Duke, 13 kilometres south-west of Champion. It was the first new field to start production since Gannet in 1988. Production is from three wells hooked up to Champion via the company's multiphase pipeline.

Source: Brunei Shell Petroleum Company

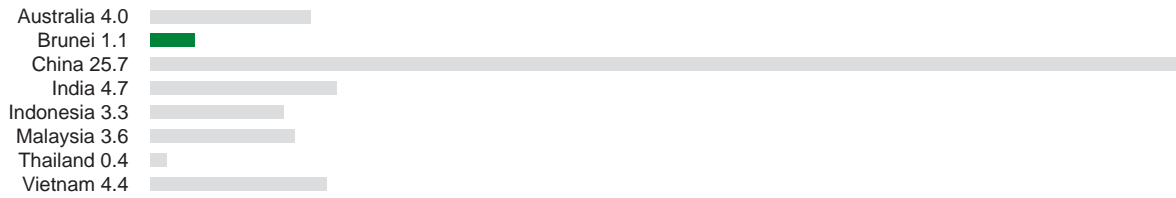
Production of oil, primarily from the Baram delta sediments underlying the offshore waters of Brunei, is well below a peak that occurred in the late 1970s. However the potential for new deeper water output, combined with better technologies, points to future growth. After erratic output over the last few years offshore production is forecast to rise to a further peak around 2020.

Gas production, mostly associated with oil, began increasing in 2003 from a plateau established in 1972 when Brunei began exporting LNG to Japan. It has settled on a higher plateau but, as Brunei's LNG plant is expanded, offshore gas output is expected to rise once more after 2012 to a maximum also around 2020.

Source: Energyfiles.com

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Proved oil reserves at 2016 year end (Thousand million barrels)



2016 Oil production (Thousand barrels daily)



Proved natural gas reserves at 2016 year end (Trillion cubic feet)



2016 Natural gas production (Billion cubic metres)

