

ENERGY COUNTRY REVIEW

Myanmar

keyfactsenergy.com

Country Review Myanmar

Myanmar is situated in Southeast Asia and is bordered on the north and north-east by China, on the east and south-east by Laos and Thailand, on the south by the Andaman Sea and the Bay of Bengal and on the west by Bangladesh and India.

Myanmar ended 15 years of military rule in 2010 with an election that was seen internationally as a step towards political reform and democracy. This prompted the US and other Western countries to this year lift 15 years of sanctions forbidding companies to engage in economic activity in Myanmar, essentially opening up its rich oil and gas reserves for business.

Oil & Gas

Myanmar is one of the world's oldest oil producers, exporting its first barrel in 1853. Rangoon Oil Company, the first foreign oil company to drill in the country, was created in 1871. Between 1886 and 1963, the country's oil industry was dominated by Burmah Oil Company (BOC), which discovered the Yenangaung field in 1887 (the oldest continuously-producing field in the world) and the Chauk field in 1902.

The oil and gas industry was nationalized after a socialist-leaning military regime seized power in 1962. As in many other countries, the State assumed ownership of the resources, either operating them itself or delegating this task to private operators, who were paid for their outlay and work in oil or gas under production sharing contracts (PSCs).

The linchpin of oil and gas policy in Myanmar is the Ministry of Energy, which has oversight for three state-owned enterprises:

- Myanma Oil and Gas Enterprise (MOGE), created in 1963, is responsible for oil and gas exploration and production, as well as domestic gas transmission through a 1,200-mile onshore pipeline network.

Country Facts

| | |
|---------------------|--|
| Capital: | Naypyidaw (founded in 2005) |
| Former capital: | Yangon (Rangoon), population 6 million |
| Population: | 54 549 825 (2016) |
| Area: | 676,552 square kilometers (261,218 sq miles) |
| Type of Government: | Parliamentary |
| Language: | Burmese |
| Religion: | Buddhist, Christian, Muslim |
| Currency: | Kyat |
| Calling code: | +95 |

Country Review Myanmar

- Myanmar Petrochemical Enterprise (MPE) operates three small refineries, three fertilizer plants and a number of other processing plants.
- Myanmar Petroleum Products Enterprise (MPPE) is responsible for retail and wholesale distribution of petroleum products.

Since nationalization, the country's oil policy has gone through two distinct periods:

From 1962 to 1988, oil exploration and production were mainly performed by MOGE; foreign operators were kept out by a strict nationalistic policy and the lack of an appropriate legal framework.

In 1988, Myanmar passed foreign investment legislation and began relying on outside technology and capital to revive its oil and gas industry.

In 2007, nine foreign oil companies were involved in 16 onshore blocks to explore new areas, to enhance recovery from existing fields, to reactivate fields where production had been suspended and to produce oil and gas.

In the offshore, Total E&P Myanmar, Petronas Carigali Myanmar, Daewoo, PTT-EP, China National Offshore Oil Corporation (CNOOC), China National Petrochemical Corporation (CNPC), Essar, GAIL, Malaysia's Rimbunam, India's ONGC, Silver Wave Energy, Australia's Danford Equities and Russia's Sun Itera Oil & Gas are exploring and/or developing 31 blocks.

Since late 2004, Myanmar's authorities have intensified the opening of blocks to foreign companies.

Source: Total E&P

Country Review Myanmar

Energy Overview

Myanmar is an important natural gas producer in Southeast Asia, though its upstream hydrocarbons sector is underdeveloped. Sanctions, a lack of technical capacity, opaque regulatory policy, and insufficient investment by foreign firms have significantly impeded the country's efforts to realize its oil and natural gas production potential as well as develop necessary energy infrastructure. However, many U.S. and European Union sanctions were eased or suspended in 2012 in response to political and economic reforms in the country.

The government is keen to attract foreign investment and technical assistance and is issuing production-sharing contracts through direct negotiations or recent licensing rounds. The government began holding licensing rounds for oil and natural gas fields in 2011. As part of its most recent bidding round initiated in 2013, Burma awarded 10 deepwater and 10 shallow-water offshore blocks to several foreign and domestic companies. Burma began reforming its foreign direct investment law and providing greater revenue incentives for international company investments in 2012.

Myanmar produces a minimal amount of crude oil and condensates from the onshore Salin basin and offshore Yetagan field. Total liquid fuels production has gradually increased over the past decade from 13,000 barrels per day (bbl/d) in 2000 to 21,000 bbl/d in 2013. However, the country's limited production and refining capacity are insufficient to meet domestic demand for crude oil and petroleum products, making the country a net oil importer.

Myanmar's natural gas production has increased substantially over the past decade, rising from 61 billion cubic feet (Bcf) in 1999 to 416 Bcf in 2012. The country's current natural gas output mostly comes from the offshore Yadana and Yetagan fields, but is forecasted to rise further due to new projects. Myanmar's natural gas consumption, which was 116 Bcf in 2012 dropping from a peak of 146 Bcf in 2005, has lagged behind production levels.

Natural gas exports to Thailand, which began in 1999, now account for roughly 70% of Myanmar's natural gas output. PTTEP, Thailand's national oil company, launched commercial operations of the Zawtika gas project in 2014, which is expected to produce 300 million cubic feet per day (MMcf/d) and increase natural gas exports to Thailand. Thailand announced it plans to invest an additional \$3.3 billion in Myanmar oil and natural gas development by 2020. Meanwhile, exports to China commenced in 2013 with the development of the Shwe natural gas project in the Rakhine Basin, which could have a peak production capacity of 500 MMcf/d.

Country Review Myanmar

In a 2009 agreement, Myanmar and China decided to construct twin crude oil and gas pipelines running from Myanmar's port of Kyaukphyu to Kunming in southwestern China. A consortium of Asian oil companies, including the China National Petroleum Corporation, commissioned the onshore natural gas pipeline with a capacity of 424 Bcf/y in 2013 to carry exported gas from the Shwe gas project to China. The crude oil pipeline, holding a capacity of 440,000 bbl/d is designed to allow China to diversify transit routes for its oil imports from the Middle East and Africa, which must currently pass through the Strait of Malacca. This pipeline is scheduled to commence operations in 2014, although internal conflicts and protests against the pipeline within Myanmar have posed challenges to the project's start-up.

Myanmar relies heavily on hydropower for most of its electricity generation (71% in 2011). The electricity sector fails to meet the country's needs, with about 49% of the total population and 29% of the rural population having access to electricity in 2011, according to IEA estimates. In addition, aging power plants and poor electricity transmission infrastructure cause severe power shortages. Consequently, traditional biomass and waste (typically consisting of wood, charcoal, manure, and crop residues) is widely utilized and accounts for about two-thirds of Burma's primary energy consumption. This has prompted efforts to invest in more hydroelectric, natural gas, and coal-fired electric capacity, improve grid reliability, and promote demand management.

Source: Energy Information Agency

Ministry of Energy

The Ministry of Energy is responsible for the country's energy sector, in particular exploration of crude oil and natural gas and manufacture and distribution of petrochemicals and petroleum products.

Ministry of Energy

Head Office:

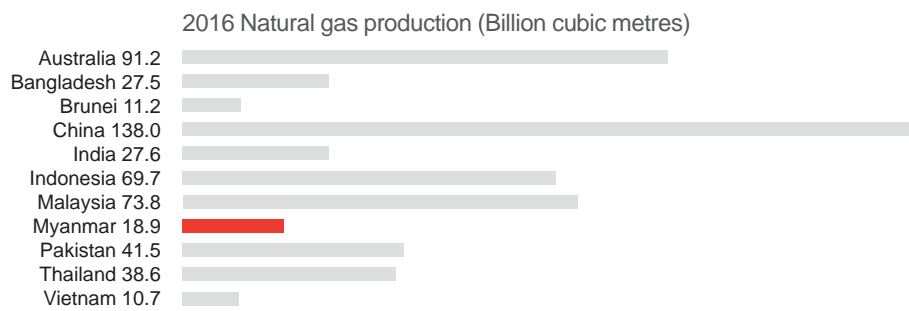
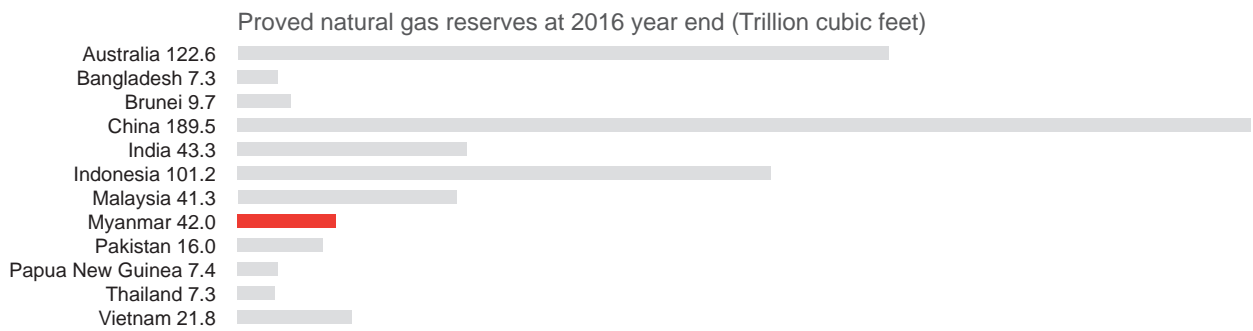
Building No.6,
Nay Pyi Taw City, Myanmar

Tel: +95-67-411060

Fax: +95-67-411012

Email: moe.ho@energy.gov.mm

Country Review Myanmar



Source: BP Statistical Review

Country Review Myanmar

