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Halim Saad To Build US\$700mil Methanol Plant In Kazakhstan

Astana (Kazakhstan): Tan Sri Halim Saad, through his wholly-owned Markmore Sdn Bhd, has signed a framework agreement with the Administration of the Mangystau Province in Kazakhstan to build a US\$700 million methanol plant in Kuryk.

The signing of the agreement with the Governor of Mangystau Province, Aidarbayev Alik Serkovich, was witnessed by Malaysian Prime Minister Datuk Seri Najib Razak and Kazakhstan Prime Minister Karim Massimov at the latter's office here on Friday.

At the same event, two other Malaysian companies also signed memorandums of understanding (MoUs) with their respective Kazakhstan counterparts in the presence of Najib and Massimov.

Kenmakmur Holdings Sdn Bhd signed a framework agreement with the Administration of the Mangystau Province to develop a US\$100 million natural gas liquid extraction plant (NGL Plant) in Kuryk.

The other company, Agrostan Farms Sdn Bhd, signed an MoU with the Administration of the Zhambyl region to develop an animal husbandry with the objective of introducing at least 500 cattle rearing farms of international standards in the region.

The three projects, to be undertaken by the Malaysian companies, are worth US\$1.1 billion in total investments.

Halim said the methanol plant, targeted for completion by 2017, was a key part of monetising the large gas reserves in the Rakushechnoye Field, which is owned by the Markmore Group, through its wholly-owned Kazakhstan subsidiary, CaspiOilGas LLP.

The gas reserve at the oil field is currently estimated at 535 billion cubic feet.

"We have exhausted all options for the gas monetisation, and we find that methanol production is the most viable option for us. Being the base chemical for a wide variety of products and applications, methanol is one of the top five chemicals traded globally by volume and it has a strong demand growth.

"The market can be reached easily through the vast railway network spanning the former Soviet Union countries," he said.

Oil production from the Rakushechnoye oil field is expected to reach more than 2,000 barrels per day by December this year and will triple in two years. Meanwhile, Kenmakmur's NLG plant, expected to be completed within two years, will process natural gas from the Rakushechnoye oil field.

It will extract liquefied natural gas and naphtha from the gas before sending the lean gas as feedstock to a methanol plant currently being developed by the Markmore Group.

The plant will have a processing capacity of 100 million standard cubic feet of natural gas per day. Gas production is expected to start in 2017 as the oil production increases beyond 6,000 barrels per day.

Kenmakmur Executive Director James Chan said the large gas reserves in Rakushechnoye could bring a lot of value to Sumatec Resources Bhd, which is operating the oil field.

Chan said at present the gas reserves were only from the northern part of the field, representing only 10 per cent of the total area, and there was potential for the southern part to have much higher oil and gas reserves.

Agrostan Farms was represented by its Director Tunku Datuk Ya'acob Tunku Tan Sri Abdullah at the signing.

The livestock farms breeding project for beef production is also intended to improve the genetic potential of cattle to international standards.

Deputy Chief Executive Officer of the Malaysia External Trade Development Corporation Datuk Dzulkifli Mahmud said the signing of the MoUs paved the way for more synergy and collaboration between business enterprises from the two countries.

Malaysian companies, he said could use Kazakhstan as an entry into the Central Asia region.

The Eurasian Economic Union (EEU) which comprise Russia, Belarus and Kazakhstan with a combined population of 170 million people, is an attractive market for Malaysian companies to explore.

The combined Gross Domestic Product of these countries is about US\$2.2 trillion.

Dzulkifli said Kazakhstan companies looked forward for latest technologies in building and construction, oil and gas, franchise, education and professional consultancy services.

MATRADE, he said, would open an office in Almaty, the former capital of Kazakhstan, in the third quarter of the year.-- BERNAMA