

PETRONAS

(Petroliam Nasional Bhd.)

~ The Secrets of Petronas' Success ~

By

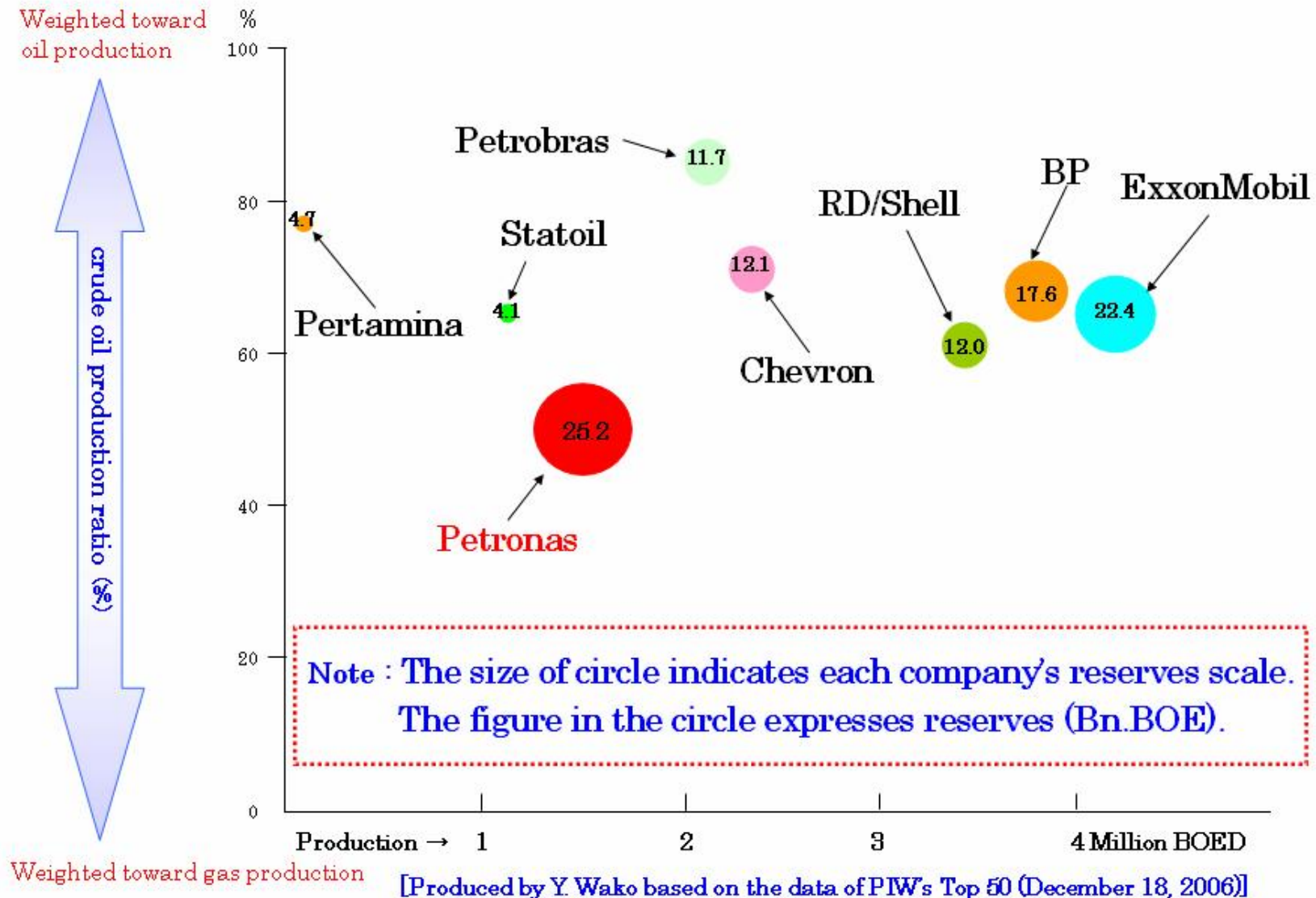
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A Comparison Between NOCs and IOCs



Petronas' Relationship With Its Government

Petronas (COO)

is given full-trust by the government and conducting business independently from the government.



Government (CEO)

holds 100% of Petronas and formulates and implements energy policies including oil & gas.

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Petronas is walking hand in hand with the government for their common purpose to develop the country toward the level of the advanced countries.

About the relationship between Petronas and the government, one executive at Petronas said, “There is a world, especially in the Third-World, where **only the government and the government (G&G) can open the first door.**” He pointed out that there is the world that doesn't function well if there is no **“mutual trust”** between NOC and the government.

The True Secrets of Petronas' Success

That is “**PROFESSIONALISM**”.

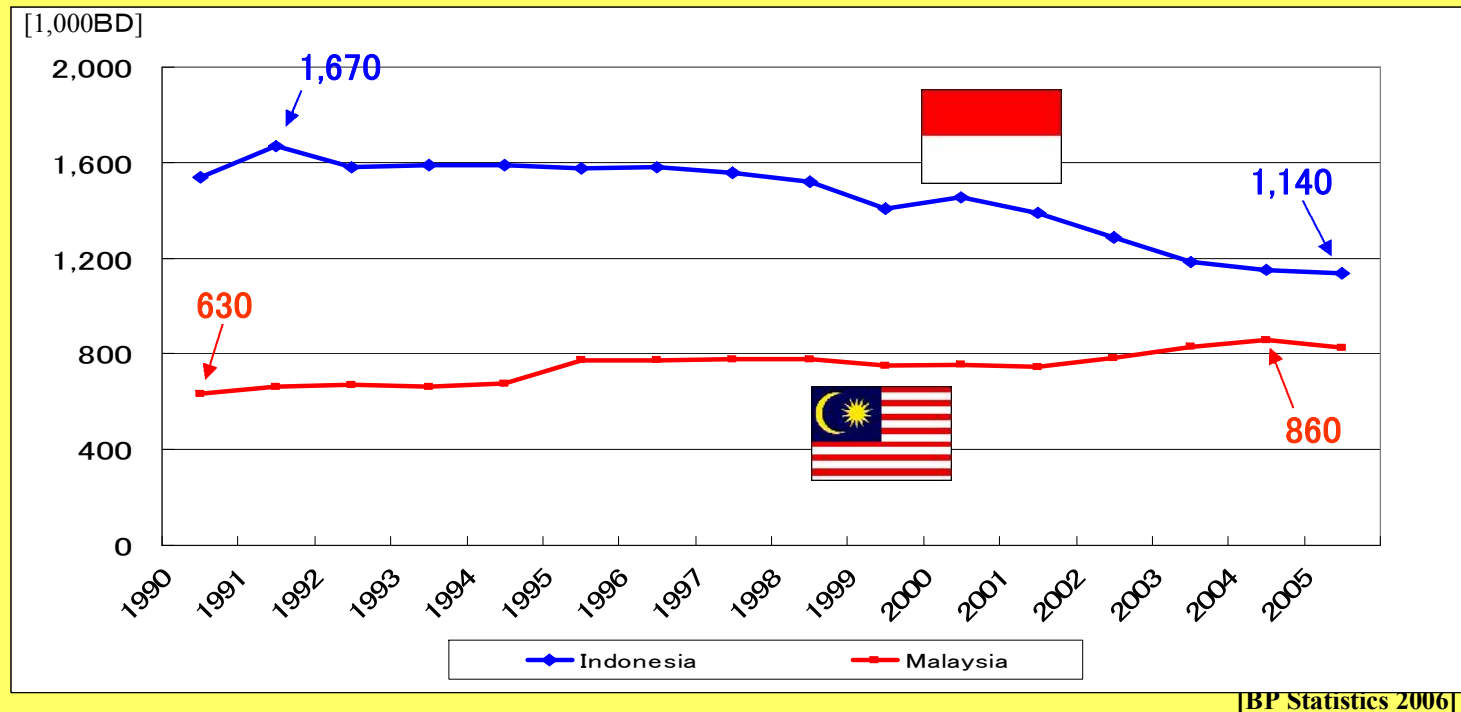
Petronas has developed and maintained a stronger sense of professionalism. We can recognize the “**professionalism**” in the roots of Petronas' consciousness and business activity. Petronas has a consistent style to be **professional** in its business deployment.

Comments from some Petronas executives :

- Petronas does not adopt a policy to do anything in order to enter into a targeted country.
- It is a Petronas' basic policy to enter the host countries only by the method they highly appreciate Petronas' efforts to enter them.
- It is also a Petronas' basic policy to try to find common interests with host countries.

⇒ **Petronas is very professional and extremely strategic.**

Oil Production in Malaysia and Indonesia



This graph shows the annual oil production (crude oil +NGLs) for Indonesia and Malaysia respectively. In the year of 1991 (when the world oil demand was only 67 million B/D), Indonesia was a leading oil producer, supplying 1.67 million B/D (2.5% of the world oil demand). The production of Malaysia at that time was about 660,000B/D. Now that Malaysia has increased its production to around 860,000 B/D and Indonesia has decreased its production to around 1.14 million B/D, the continuation of its production decline for some time in the future may, in the worst-case scenario, put Indonesia in danger to be overtaken in oil production by Malaysia with the deep-sea oil production getting on the right track.