Charltons - Myanmar Highlights Newsletter - 27 September 2013

[online version](http://www.charltonslaw.com/ministry-of-energy-announces-names-of-pre-qualified-companies-in-offshore-oil-and-gas-bidding-process/)

# Myanmar Highlights Issue 6

## Myanmar Energy Ministry Announces Successful Oil and Gas Tenders

Myanmar's energy ministry has announced successful pre-qualifiers in the latest round of oil and gas tenders. Following the successful implementation of the Shwe Gas pipelines operated by DaeWoo from Ramree Island in Rakhine State to Muse in Yunnan, China, the international oil and gas industry is poised to develop 48 offshore and onshore blocks between 120 companies. Pre-qualifiers may now proceed to gather statistics and information on seismic data, prior to submission of up to three bids, scheduled for awards in March or April of 2014.

## U Aung Tun Thet: Myanmar May Serve as Corridor to Link between China and India

As noted in Myanmar Business Today, U Aung Tun Thet of the President's National Economic and Social Advisory Council compares Myanmar's location and advantages to Austria's central role in European prosperity. “I think we can do the same thing, be a corridor to the east, west, north and south linking China and India.” Experts note that this latest round of tenders has attracted large-scale global interest and major investment players, which will provide incentives and revenues for much-needed economic expansion and regional prosperity.

## Bidders for Onshore Blocks Largely Asian Firms and Their Myanmar Partners

The eighteen on-shore blocks are located primarily in Central, South and South-East Myanmar, and bidders include largely Asian firms with their Myanmar partners such as Brunei National Petroleum, ENI International, Mitsui Oil Exploration, Nido Petroleum, Nippon Oil & Gas Exploration, Oil India Ltd., ONGC Videsh, Petronas, PetroVietnam, Prize Petroleum and Woodside Energy.

## Myanmar Companies Did Not Bid for Any of the 19 Deep-Water Offshore Blocks Available

Tender offers for the thirty off-shore blocks do not currently include Myanmar companies as partners for the deep-water blocks, as noted by U Ken Tun of Parami Oil and Gas (Myanmar Times Sep 20-27). There are 11 shallow-water and 19 deep-water blocks on offer. Asian bidders include China National Petroleum Corporation, Korea Gas Corporation, Korea National Oil Corporation, Nippon Oil & Gas Exploration Corp. and PTTEP (Thailand). Further international interest has been expressed by major corporations such as Anadarko Petroleum, Chevron, Conoco Phillips, Delek Energy, Exxon Mobil, ENI, Hess Corporation, Husky Energy, Murphy Oil, Premier Oil, Repsol, Santos, Shell Oil, Statoil, Total, and Woodside Energy. Blocks are located in the Bay of Bengal, primarily in Mottama, Rakhine and Tanintharyi basins.

## Possible Changes to Production Sharing Contracts on the Horizon as Parliament Debates

In general, terms and conditions will remain as originally listed although upcoming regulation-making and Parliamentary discussions may include some changes to Production Sharing Contracts, tax holidays increased to 5 years and income tax to 20%. The energy ministry notes that 25% of natural gas and 20% of crude oil will be reserved for domestic supply at 90% of market value, as well as royalty fees and taxes.

## MOGE Retains between 15% and 25% Interest in Discovered Hydrocarbon Resources

The Myanmar Oil & Gas Enterprise (MOGE) maintains the right to acquire 15% to 25% of undivided interest in the event of commercial hydrocarbon discovery. Myanmar's existing hydrocarbon production is a large part of MOGE (Myanmar Oil & Gas Enterprise) resources at the Man, Yetagun and Yadana fields, operated by Total E&P and Petronas, as well as PTTEP gas reserves at Gawthika, Shwepyihtay, and Kokona primarily exported to Thailand. Industry experts calculate that the additional on-shore and off-shore facilities will hugely increase the availability of hydrocarbons, of which less than one-third have been explored. Northern areas of the Shan and Kachin states hold unexplored reserves in Hsipaw-Lashio, Hukaung, Kalaw, Namyau, Shwebo-Monywa, while southern areas of Rakhine and the Bago Yoma, as well as the Sittaung Valley and Mawlamyine are also candidates for exploration.

## Significant Interest in Thermal, Coal, Geothermal, Solar, Wind, Hydro and Biomass Alternatives

While gas and oil production is the major focus of the current tenders, there is significant interest in other alternative resources, including thermal power, coal, geothermal, solar/photovoltaics, wind, hydropower and biomass products. While some of these may be newer technologies, there is significant interest in developing these sustainable resources for Myanmar – and the world's – energy future.

## 500-Megawatt Thaketa Thermal Power Plant Pending for Thilawa Special Economic Zone

A current example of on-shore alternative energy production is the pending 500MW Thermal Power plant to be constructed in Thaketa Township as a roll-out to the Thilawa SEZ. The project will be built by Japan's Hanza International and a consortium of 18 companies, while Myanmar will provide infrastructure such as roads and bridges. The overall Thilawa project will include factories, high-tech industry, textiles and manufacturing and is a joint venture between Myanmar and Japan. A number of ancillary developments such as housing, hotels, schools, entertainment and shopping centres will provide additional community and economic benefits.

## Investment through Immigration incentives

Myanmar Business Today reports that U Khin Yee, Minister for Immigration and Population, has stated that a new Permanent Residency Scheme (PRS) is under consideration to attract long-term investment and encourage the return of overseas Myanmar professionals. According to President's Officer Minister U Soe Thane, the PRS would be issued only to foreign nationals who are specialists “helping to develop the country”, and would be issued in two categories for a three-year or five-year basis.

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