The Shwe Gas Bulletin

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Thailand's PTTEP will build another gas pipeline in Burma

June 15, 2008 (SGB)

This undated photo shows an over land gas pipeline under construction in Mon State, Burma. (SMART Technical Services)

Thailand's state-owned oil company PTTEP will build another inland gas pipeline in Burma soon which will transfer gas from newly discovered offshore gas block M 9 in Moattama to Thailand, Rangoon based media, the Myanmar Times reported.

Geocomp Myanmar, a service company has done inland route survey for the PTTEP's new pipeline in April this year.

An official from Geocomp Myanmar told the Myanmar Times that THE final report on the construction of a third Myanmar-Thailand gas pipeline will be completed at the end of June and presented to the Thai oil company PTTEP.

The 65 km long inland pipeline will travel from Daminseik village, Tanintharyi division in Burma to Ban-I-Taund, Burma-Thai border by lying next to Yadana and Yetagun pipelines.

There were documented human rights abuses occurred along the Thai-Burma Yadana and Yetagun gas pipelines routes during the 1990s as Burmese military involved for the protection of pipelines construction.

In April 2008, PTT Exploration and Production PLC signed a deal with state-owned Myanmar Oil and Gas Enterprise (MOGE) to begin production at gas wells off the block M-9 and expect to start the producing gas in 2012, according to Macau Daily Times.

PTTEP owns 100 percent of offshore Block M-9 covering 10.3599 square km in the Gulf of Moattama and its 300 km far form Rangon in Burma.

Burma state media estimated that offshore block M-9, discovered by Thai PTTEP in the beginning of 2007 in Gulf of Moattama, has 8.0 trillion cubic feet of gas. PTTEP last year said it would spend US$ 1 billion dollars for the Block M-9 exploration project.

Thailand is not the only consumer of Burmese gas but Thai PTTEP is also involved in blocks M-7, M-9, M-3, M-4, M-11, M-5, M-6 (Yadana) and M-12, M-13, M-14 (Yetagun) in the Moattama offshore areas in Burma.

Currently, Burma exports about 900 million cubic feet a day (mcfd) of natural gas, which includes 600 mcfd from Yadana and 300 mcfd from Yetagun via a pipeline to Thailand (20 percent of Thailand's supply). Burma earned US$ 2.7 billion last year from gas exports to Thailand, which accounted for 45% of Burma's total exports. ■

Editorial

Natural Resource Money for Rebuilding Burma but Regime Changed Needed

One of the world's most repressive military regimes has ruled Burma for many decades, strengthening its military power vis-à-vis the extraction and exploitation of natural resources. The regime has earned billions of dollars from oil, gas, gem stones and other sectors for more than a decade while the country's economic situation has worsened.

That is, Burma is a poor country ruled by a rich military government. The people are suffering.

Just recently, after the regime's criminal response to the devastation of Cyclone Nargis, a father of two children in western Burma committed suicide after killing his two children. His life under military rule became economically impossible.

Millions of Burmese have fled human rights abuses in Burma, and millions more have migrated to neighboring countries to seek work in order to support their families, themselves usually also fleeing human rights abuses. Thousands of families have settled in Thai-Burma refugee camps for safety from the military's killing and arbitrary arresting, and thousands more face unfriendly governments and labor exploitation in places like Thailand, India, Malaysia, and Bangladesh.

Last year's brutal suppression of the monk-led Saffron Revolution showed the regime will stop at nothing to secure its tight grip on power (and all the economic gains that power brings); and the current blocking of international aid to victims of Cyclone Nargis shows the regime would rather comprise the safety and health of millions of people than cooperate as a responsible member of the international community.

Regardless, neighboring countries are still delighted to do business with the military regime; China, India, and Thailand are major partners with the generals, irresponsibly and unaccountably pouring millions of dollars every year to the corrupted regime with an eye on access to Burma's oil and gas. US and EU countries maintain economic sanctions – which have had the intended effect, hurting the regime economically - but the Western powers have failed to use their power to apply effective pressure against Burma's neighboring countries and the Association of Southeast Asian Nations (ASEAN).

In 2007, foreign direct investment (FDI) in Burma's oil and gas sector accounted for about US$470 million, or 90% of all FDI. Gas exports to Thailand reached over US$2 billion last year. While the largest city Rangoon can't generate electricity for 24 hours, the military gladly exports its gas and electric power to Thailand, where 20% of electricity is generated with Burmese gas.

Where do these billions in revenue go in Burma? In the last two years, massive amounts of money was undoubtedly spent building a new jungle capital city, a nuclear reactor, and buying military weapons, but one suspects the regime itself doesn't have an accurate accounting given the prevalence of corruption and briberies. In 2007, Transparency International, a nonprofit NGO that measures corruption worldwide, listed Burma as the second most corrupted country in the world after Haiti.

If the military regime stays in power for even just a few more years, it will likely sell out all the county's resources for more hot money and real economic development and education will remain in the shed.

It is a crucial time for cyclone hit Burma. Revenue from the country's lucrative natural resources could be forced into an escrow account, with some earmarked for rebuilding the cyclone hit areas. The rest could be saved for national economic development, education, and health under a future government more accountable to its people.

Regime change is needed urgently. Stepping up efforts against multinational oil and gas companies operating in Burma is one way to help the people become free from military rule. Gaining the support of Burma's neighbors is another. ■

Burma Sells Shwe Gas to China with Lower Price than India Bid

SGB with news agencies (June 21, 2008)

On June 20, the MOU on the sale and transportation of natural gas from Myanmer offshore blocks A-1 and A-3 was signed between Myanmar Oil and Gas Enterprise, Daewoo International Corporation, ONGC Videsh Limited, Gail (India) Limited, Korea Gas Corporation and China National Petroleum Corporation in Myanmar's new capital Naypyitaw, according to CNPC news.

Daewoo has a 51 percent stake in the consortium, followed by India's Oil and Natural Gas Corp with 17 percent; Myanmar Oil and Gas Enterprise with 15 percent; India's GAIL with 8.5 percent; and South Korea's Korea Gas Corp with a 8.5 percent.

The MoU on the sale and transport of Burma's gas from A1, A3 offshore blocks to China via pipeline was signed between Daewoo International consortium and CNPC on June 20, 2008 in Burma.

Under the deal, gas will be priced at $4.279 per million British Thermal Units (BTU) at the wellhead and will move in step with international oil prices every three months.

The price offered by PetroChina is lower than $4.41 per mmBtu price offered by India's GAIL to piping the gas to India but the military-ruled Myanmar decided to sell gas to China.

No official reason has been given as to why China was chosen, despite India offering a better price, but some say the Junta wanted the Communist nation that has veto powers in United Nations on its side to guard against possible economic sanctions.

Officials said the A-1 and A-3 blocks can produce anything between 450 to 560 million standard cubic feet per day of gas that will be fed to China through a pipeline. Experts estimate that the three fields hold together 5.7-10 trillion cubic feet of natural gas reserves.

In addition to the memorandum on sales and transport, the Myanmar govenrment, CNPC and the Daewoo-led consortium also signed an agreement on an onshore natural gas pipeline that will involve six companies from China, Myanmar, South Korea and India.

The feasibility study for this pipeline has been awarded to the China Petroleum and Petrochemical Engineering Institute, the planning department of CNPC. Given the abundant natural gas resources in Myanmar and China's pressing need to find and utilize new energy sources, along with the recently hiking price of oil on the international market, the agreement signed by CNPC could signal a new series of opportunities for China.

China's largest oil and gas producer, CNPC in January 2007 signed production sharing contracts with the Myanmar Ministry of Energy covering crude oil and natural gas exploration projects in three deep-sea blocks AD-1, AD-6, and AD-8 it is covering an area of 10,000 square kilometers after two days later of China veto at UN security council against US led proposal for the Burmese military regime's oppressing its own people.

Presenting more than a decade, CNPC operates onshore and offshore oil and gas exploration and involves in providing technical services and engineering construction in oil and gas projects in Burma. ■

NO MORE GAS PIPELINE, NO BLOOD

Indian oil company plans to commence drilling oil&gas in Arakan

June 18, 2008 (SGB)

Essar Exploration and Production Ltd, a private Indian oil company, plans to start drilling in both the onshore block L and offshore block A-2 in September-October, 2008 in Arakan State of Burma, according to the Hindu Business Line.

Residents within the block L area worries for losing their land, properties and forced relocation by the authorities when Essar drilling starts. It was documented that in 2006 lands and properties were confiscated by authorities, with limited or no compensation, for placing the camps for China National Offshore Oil Company (CNOOC) Myanmar Ltd's oil drilling at onshore block M in Kyauk Phyu township.

Essar has signed a deal with state-owned Myanmar Oil and Gas Enterprise (MOGE) for a production sharing contract in May 2005 for block L and block A-2. Essar has completed 3D and 2D seismic surveying in both blocks last year without any Environment or Social Impact Assessments.

According to local people, many rice fields, shrimp farms and plantations were damaged by 3D seismic survey in the onshore block L area in the beginning of last year.

A resident from the block L area said, "Shrimp and fish and were killed within about 40 feet radius due to the

3D text mining. Plants cannot grow anymore in the mining area."

"The company did test mining even inside the house compound. People had to stay outside of the house when they did mining."

Shrimp and rice farming are major business for local livelihoods in block L area.

CNPC Sichuan Geophysical Prospecting Co. with subcontract from Essar did 300 sq. km seismic survey testing in the Block L, Sittwe Township.

Onshore block L in the coastal region of Sittwe spreads over 7.76996 sq. km, while offshore block A-2 spreads over 2136.740 sq. km off the Arakan coast. The low- water block A-2 has an average water depth of 40-50 m.

Essar holds a 100 percent stake in the block L and block A-2 in Arakan State.

Indian state owned-companies Gas Authority of India Limited (GAIL) and Oil and Natural Gas Corporation (ONGC) are both involved in offshore blocks A-1 and A-3 (Shwe Gas) and ONGC also holds a 100% stake in the offshore blocks AD-2, AD-3 and AD-9 along the Arakan coast in Burma. ■

Gas pipeline explodes in Burma

June 30, 2008 (IMNA)

The over 200-kilometre long gas pipeline blew up in a small hill north east of Moulmein city, the capital of Mon state at around 5 pm yesterday. Fortunately the explosion occurred at a distance from populated areas. But local residents who live close to the area In Moulmein were scared of the flames which leapt up.

The pipeline was laid in 2001 from Yadana gas field via Kanbauk area, Tenasserim division to Myaingkalay town Karen state for a cement factory.

"The whole area was lit up by the flames. We kept looking at it even after watching the Eurocup 2008 finals," a resident who lives close to the explosion site told IMNA.

"That is the first time the pipeline blew up near the city," he told IMNA.Due to the explosion the electricity supply was cut off, local residents claimed.

The flame was doused by the authorities at about 10 this morning. The authorities are yet to ascertain the cause of the explosion.

Recently military officers released some gas in Thanpyuzayart Township to stop the pipeline from exploding, according to a source close to the military.

The gas pipeline keeps exploding regularly due to lack of maintenance and technical faults during construction. It has exploded at least 10 times. The pipeline is known to have been blown up by rebels on earlier occasions.

This gas pipeline was laid by Myanmar Oil and Gas Enterprise and transports around 100 millions cubic feet of gas per day.

Burma is rich in gas reserves and has major foreign investments to the tune of US$ 474.3 million in the oil and gas sector till 2007 according to government figures. Gas is also a major export of the country and 19 companies have invested in the gas sector.

Massive deforestation of mangroves may have worsened scale of disaster in Burma

May 13, 2008 (mongabay.com)

Weeks after the devastating cyclone Nagris struck Myanmar's Irrawaddy Delta on May 2nd, scientists and the media are debating the role in the scale of the disaster played by the region's deforestation of mangroves. According to recent studies, mangrove forests act as a buffer against the effect's of tropical storms like Nagris, though scientists don't yet fully understand the relationship between storm mitigation and mangroves.

Mangroves are saline coastal forests that include heavy biomasses of trees and shrubs. Such forests are essential in protecting the coastal regions they surround from erosion, but they have also been shown to help mitigate the effects of tropical storms by buffering coastal communities against hurricane-like winds and tidal surges.

Mangroves cleared for human settlement

According to an article in the Wall Street Journal, the Irrawaddy Delta where Nagris struck lost 83 percent of its mangroves from 1924 to 1999. The deforestation of mangroves began with British colonial rule with their desire to turn Irrawaddy into one of the world's most productive sources of rice. Yet, destruction continued through the democratic republic and the military regime that now rules Myanmar. Mangroves are still destroyed for coastal development and logging. Reports have also stated that the poor of Rangoon consume mangrove forests for fuel.

Four days after the disaster Surin Pitsuwan, secretary general of ASEAN (Association of Southeast Asian Nations), spoke about the mangrove-effect in Irrawaddy. As reported by the AFP news, Pitsuwan said that increased population in the delta led to "encroachment into the mangrove forests which used to serve as buffer between the rising tide, between big waves and storms and the residential areas... All those lands have been destroyed. Human beings are now direct victims of such natural forces." Pitsuwan was speaking in Singapore at the opening of a new center to deal with novel security issues such as climate change, new diseases, and environmental degradation.

The tsunami of 2004 brought home to many the importance of mangroves. As reported by the BBC, a study conducted by the IUCN found that mangroves in Sri Lanka may have saved thousands of lives. Two people perished in the tsunami in a village protected by mangroves and other vegetation, while a nearby village, lacking mangroves, lost 6,000 people to the tsunami. Such studies have prompted nations like India and Bangladesh to implement programs of replanting mangrove forests as buffers against natural disasters. Although, Bangladesh has the highest population density in the world, it has lost only 1 percent of its total forest cover since the 1990s and has actually increased its mangrove forests.

M yanmar's deforestation rate is one of the bleakest in the world, and it's not just mangroves. The military junta has increasingly pressed into Myanmar's once untouched forests for logging, particularly of teak. Much of the wood is illegally exported to China. Between 1990 and 2005 Myanmar lost 18 percent of its total forests.

Many scientists see a direct connection between mangroves and their effect on mitigating the scale of storms. However the research of the connection is still young and much of it related to the 2004 tsunamis. It may be some time before scientists fully understand the full mitigation effects of mangrove, though their importance for biodiversity, erosion, and CO2 sequestering should also not discounted. ■

It's the Oil and Gas, Stupid

World leaders may be condemning the junta's crackdown, but foreign businesses don't want to lose their pieces of Burma's energy pie. Why the latest sanctions are unlikely to work.

Melinda Liu
NEWSWEEK WEB EXCLUSIVE
Updated: 3:39 PM ET Oct 5, 2007

Analysts describe it as the Burmese paradox: How can the rulers of a country so rich in energy, teak, minerals and gems be in such financial trouble? Even as it sits on top of 19 trillion cubic feet of natural gas and billions of barrels of crude oil reserves, the junta had to abruptly hike fuel prices so high in August that it triggered the popular uprising led by Buddhist monks.

Part of the explanation is simply bad governance. The Burmese regime is so arrogant and inept that it doesn't expect citizens to rebel even when they watch their hard-won savings disappear overnight. That's what happened in the summer of 1988, when the regime's surprise demonetization of the local currency, the kyat, meant a lot of money was suddenly not worth the paper it was printed on. (The kyat has a story all its own: on an astrologer's advice, former Burmese strongman U Ne Win decided the currency should be denominated in multiples of nine, because 9 was a much more auspicious number than 10. As a result 45- and 90-kyat notes still circulate in Burma alongside multiples of 5 and 10. One gauge of the dire economic situation in Burma is the fact that the official exchange rate is 6 kyat to the U.S. greenback, while the unofficial rate is more like 1,350)

But there's a more important reason for Burma's predicament. Before the 1962 coup that installed a military regime in power, Burma had one of Southeast Asia's highest standards of living. It boasted a well-educated intellectual class. It was one of the world biggest exporters of rice. But today, the country's infrastructure is so decrepit that the regime cannot adequately exploit its own resources without outside help. Despite the country's lucrative oil and gas sectors, the domestic refining industry is a mess due to half a century of mismanagement, lack of investment and neglect. Local refineries aren't suited to processing the high sulfur content in Burmese oil. As a result, the government has to import nearly all of its diesel, to the tune of nearly 20,000 barrels daily by 2004.

Combine that hunger with today's high prices, and you can easily see how the need to import diesel could help prompt a price rise. This wasn't the first time the regime imposed such a hike, either; two years ago fuel prices shot up ninefold. You don't have to be a rocket scientist actually Burma's junta supremo Than Shwe is a former postal clerk to know people might be mad about the abrupt Aug. 15 doubling of diesel prices and fivefold increase in the cost of compressed natural gas, a hike passed on to passengers using public transport. Or, indeed, that it's bad PR to throw a lavish wedding ceremony for your daughter as Than Shwe did showing how the gem-encrusted elite parties on (while one in three Burmese children is malnourished, according to the World Food Program).

'One of the key reasons why sanctions against the regime are unlikely to work is because the junta's foreign partners hope to maintain business as usual.'

But the excesses don't stop there. Paranoia has something to do with why the junta is cash-strapped. The nonsensical transfer in November 2005 of government offices to the new administrative capital of remote Naypyidaw, in a jungly wasteland 300 kilometers (about 190 miles) from Rangoon (apparently to boost government secrecy), is believed to have cost hundreds of millions of dollars. Then, to help compel disgruntled civil servants to go along with the move, the government raised their pay 500 percent. For its part, Burma's 375,000-man Army key to the junta's survival got a tenfold pay raise. And then there's the construction of another big-ticket item called "the Yadanabon Silicon Valley cyber-city." This from a regime that's trying to pull the plug on the Internet in a bid to prevent images of its repression from reaching the outside world.

Burma's economic picture would be depressing enough without the involvement of Big Oil. One of the key reasons why sanctions against the regime are unlikely to work is because the junta's foreign partners hope to maintain business as usual. Foreign firms have been scrambling for a piece of Burma's oil and gas industry since the regime liberalized investment rules in 1988.

These are not obscure players or small-time plays. Burmese natural gas, worth $2.8 billion, generates one fifth of Thailand's electricity. China wants to build pipelines and roads through Burma that would allow its oil imports to bypass vulnerable chokepoints in the Malacca Straits, which could be blocked by the U.S. Navy in the event of Sino-U.S. tensions.

State-run Chinese firms are also bidding for contracts in Burmese gas fields, as are South Korean and Indian com-

petitors. India's oil minister, Murli Deora, was present in Rangoon for energy cooperation talks with junta leaders when antigovernment protests broke out last month. Burma's partners aren't all Asian either. When earlier European Union and U.S. economic sanctions were levied against Burma, Total of France and Chevron remained involved in the Yadana gasfield. (At the time, existing investments were exempt; Chevron has a 28 percent stake because of its takeover of Unocal, Total's original partner.)

Now we hear that the EU has just toughened its sanctions against Burma, expanding the visa bans for junta leaders and suspension of some imports such as timber and gems. But such measures similar to those announced last week by the United States will be toothless unless key oil and gas firms climb onboard. Today French Foreign Minister Bernard Kouchner hinted that Total which extracts more than 17 million cubic meters of natural gas daily from its Burmese fields, according to its corporate Web site "will not be exonerated" from post-crackdown sanctions. Total officials have argued that the firm has made no new capital expenditures in Burma since 1998 and that any "forced withdrawal" by Total would simply pave the way for rivals to take its place. Which is why China, Thailand, India and Russia have been muted in their condemnation of Burma's recent bloodletting. They may hate the junta's repression, but they love the thought of biting off a bigger piece of Burma's energy pie. ■

URL: http://www.newsweek. com

Foreign investment in Burma oil and gas sectors more than tripled

The Associated Press
Monday, June 30, 2008

YANGON, Myanmar: Foreign investment in Myanmar's oil and gas sectors more than tripled last year to US$474.3 million, according to a recently released government report.

That accounted for 90 percent of all foreign investment into the country in 2007 of US$504.8 million, the Ministry of National Planning and Development said in its latest statistical survey.

Total foreign investment in oil and gas in 2006 amounted to US$134 million, according to government figures.

The United Kingdom led the oil and gas investors, with US$187 million invested last year, followed by India and Singapore.

Thailand last year invested US$16.22 million and Germany US$2.5 million into the manufacturing sector and South Korea US$12 million in the fishing industry, same report said.

The report said there was no new investment in mining, real estate, hotel and tourism, transport, power and the industrial sector.

Many Western countries either ban or discourage investment in Myanmar as a way of pressuring its ruling junta to improve its poor human rights record and hand over power to a democratically elected government.

The official report said the United Kingdom includes the British Virgin Islands and Bermuda. Some oil companies register in these two and other sites to bypass sanctions imposed by their governments. ■

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The Shwe Gas Movement (SGM)

***SGM** includes regional and international NGOs. The 5 core members are SGM Bangladesh, SGM India, the All Arakan Students and Youth's Congress (AASYC), the Arakan Oil Watch (AOW), and EarthRights International (ERI); partner organizations include the Korean House for International Solidarity (KHIS), the Korean Federation for Environmental Movement (KFEM), The Other Media in New Delhi, and a global network of activists. For more information and to download the full-length report "Supply and Command," please visit www.shwe.org.*

Resident Fear of Relocation from India's Sittwe Seaport Construction

June 21, 2008 (SGB)

Sittwe resident in the India's Sittwe Seaport are afraid of forced relocation without any compensation, or with the military regime's limited compensation, as the multimillion dollar Sittwe seaport project comes underway.

A native said that Sittwe's city market, public hospital, post office, and even resident houses within the project area would be relocated outside of the city when the sea port project is started.

It is learned that Burma's military regime often practices relocation of people and confiscation of land in the capital city of western Burma's Arakan, Sittwe, without any compensation for it's so called development projects and military camp.

Sittwe sea port development project agreement was signed between India and Burma in April during the Regime's vice Senior General Maung Aye's 5 day visit in India, the same day as detained democracy leader Aung San Suu Kyi's opposition party urged voters to reject a military-backed draft constitution, saying it was undemocratic and written under the junta's direct control.

Resident in Sittwe Seaport projects area fear of forced relocation when the seaport project is started. Sittwe's city market, public hospital, post office, and resident houses are located within the Indian Seaport project area.

The US$ 132 million dollar projects agreement includes development of Sittwe seaport where the Kaladan River enters the Bay of Bengal, as well as construction of a 117 kilometre highway from Kalewa in Sagaing Division to the Indian border. The Indian government will provide funding for the project, which is expected to take five years to complete, the Myanmar Times reported.

India has established deep economic and military ties with Burma's military regime over the past decade while competing with China and Thailand for access in Burma's oil and gas projects. ■

The Arakan Oil Watch

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