

Cost management crucial for O&G, says Petronas COO

31 March 2015



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KUALA LUMPUR: It is important for the oil and gas (O&G) industry to focus on cost management, especially in the current environment. In March last year, Brent crude oil was still trading at the US\$110-per-barrel range, but has gone down to US\$55.50-per-barrel levels.

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Due to falling prices and increasing costs, companies are now re-prioritising shareholders' returns over production growth, he said at the launch of the Offshore Technology Conference (OTC) Asia 2016.

He added that across the board, there had been a reduction in budgeted capital expenditure, lower production plans and more targeted exploration efforts, as well as rationalisation of the downstream business.

Petronas executive vice-president and chief executive officer of upstream Datuk Wee Yiau Hin said: "In this challenging environment, it becomes more important that we really push technology to the limit to help manage cost." He pointed out that the OTC focused on technology, which could help industry players to be more effective and do bigger and more complicated things.

OTC Asia is a biennial event that showcases state-of-the-art technology for offshore drilling, exploration, production and environmental protection. OTC Asia 2014 was held in Kuala Lumpur and saw some 25,000 participants, as well as over 800 paper submissions and 250 exhibitors.

The event generated more than RM3bil in sales. Wee expected next year's conference, which would also be held in Kuala Lumpur, to see about 30,000 participants.

OTC Asia 2016 will be held from March 22 to 25, 2016.