

SPEECH BY
TAN SRI DATO SRI MOHD HASSAN MARICAN
PRESIDENT/CEO OF PETRONAS AND
CHAIRMAN OF MISC BERHAD
AT THE FPSO KIKEH NAMING CEREMONY
29 MARCH 2007

Mr Claiborne Deming,
President and Chief Executive Officer of Murphy Oil

Mr David Keller,
President, SBM Inc

Encik Abdullah Karim,
MD/CEO PETRONAS Carigali Sdn Bhd

Yang Berbahagia Dato' Shamsul Azhar Abbas,
President and CEO, MISC Berhad

Encik Wan Yusoff Wan Hamat,
MD/CEO, Malaysia Marine and Heavy Engineering Sdn Bhd (MMHE)

Members of the media,

Distinguished guests,

Ladies and gentlemen,

Assalamualaikum and a very good morning.

It gives me great pleasure to be here at the naming ceremony of the Floating Production, Storage and Offloading vessel (FPSO) for the Kikeh field, Malaysia's very first deepwater project. Today's ceremony is a milestone not only for the field operator Murphy Oil and its partner PETRONAS Carigali Sdn Bhd, but more importantly for MISC Berhad and SBM Incorporated represented by its joint venture company MDFT Sdn Bhd, and the eventual contractor, MMHE Sdn Bhd.

The completion of the FPSO heralds the beginning of a new era of sustainable growth in the development of MMHE and its parent company MISC in the area of marine and heavy

engineering. It is not only the first deepwater FPSO done in Malaysia but also the first deepwater project carried out by MMHE. The success of this project signifies MMHE's entry into the area of deepwater facilities and this is due to the emphasis that MISC and MMHE has placed on capability building as one of the key factors in its strategic shift towards becoming a regional centre for the engineering and construction of deepwater facilities and high-value marine repair and conversions.

Ladies and Gentlemen

When PETRONAS and joint venture partner Murphy Sabah Oil Co made their first deep-sea oil discovery at the Kikeh field offshore Sabah in August 2002, it has raised expectations for more significant deepwater discoveries.

In this country alone, fabrication and conversion works for deepwater facilities is estimated to be worth RM10 billion over the next five years and the opportunities for growth are promising as the petroleum industry in the Asian region is expected to remain vibrant.

As such, MMHE's achievement today into the area of deepwater construction is not only a signal that they are expanding in the right direction, but it is also an indication of the nation's future growth and sustainability in the industry as we strive to achieve a developed nation status by 2020.

Building local capability in the deepwater sector has always been a strong emphasis of PETRONAS and I am pleased to note that the detailed engineering design by SBM in Holland and Monaco was done with a provision for technology transfer for trainees from MISC. Many staff from MISC and MMHE have benefited from the project and the experience has opened their eyes to the bigger perspective of heavy engineering for deepwater technology.

The Kikeh project has also provided business opportunities to more than 80 local subcontractors and vendors. Not only does this distinctively support the growth and development of local vendors, as it is recognised by the Petroleum Management Unit as the

best supporter of Vendor Development Programmes on a single project, the exposure given to local contractors is an opportunity for them to work on a project utilising cutting edge technology that would not have been available to them otherwise.

Ladies and Gentlemen:

MISC's venture into the area of offshore business is in full gear. Last year, MISC acquired MMHE's remaining shareholdings and proceeded to expand its marine and heavy engineering business. The facilities in MMHE have been redeveloped and upgraded to make it the region's centre for oil and gas engineering and construction and marine repairs and conversion. The refocusing of MMHE's business into the oil and gas sector integrates well with PETRONAS' overall business rationalisation strategy, strengthening the entire value chain of the PETRONAS Group.

Although this is only the third FPSO constructed and completed in the MMHE yard, the Kikeh project has already charted many records. The External Turret on the FPSO Kikeh is the biggest and heaviest on any FPSO worldwide.

MMHE also recently completed the fabrication of the Truss Spar floating production platform hull and topsides for Kikeh, a contract awarded by Technip Marine Sdn Bhd. It was a first for Spar technology to be utilised outside the Gulf of Mexico.

MMHE's recent commission to construct a semi-submersible vessel for the Gumusut deepwater facility will equip the company with the latest capability it needs to be a full-fledged deepwater centre.

Ladies and Gentlemen:

The task undertaken by MMHE for the construction, outfitting and integration work for FPSO Kikeh was a great challenge. Meeting quality standards and timelines to ensure the success of

this project required commitment and support from all levels of employees in MMHE and its sub-contractors.

These milestones would not have been achieved if not for the strong collaborations among the various parties involved especially in the joint venture between SBM and MISC through MDFT. With such close cooperation, it is no wonder that this project clocked over 7.2 million man hours with zero Loss-Time Incidents. The Kikeh Truss Spar project recorded 5 million man hours without LTI while the hull clocked 2.9 million hours. These significant achievements were recognised when Technip bestowed MMHE its 2005 President's Award at its Annual QHSE Management Review.

Ladies and Gentlemen:

In conclusion, I would like to thank our PSC partner Murphy Oil for discovering Kikeh and indirectly opening up new frontiers in Malaysia's deepwater technology.

My sincere appreciation also to SBM - MISC's major partner in MDFT - for their confidence and trust in collaborating with MMHE in developing Malaysia's first deepwater FPSO. My gratitude also goes to Technip for introducing the Spar technology into this region.

Also special thanks to the classification society, ABS , marine department, and the long list of many contractors, engineers, consultants and workers that have worked hard to make this project a reality.

Thank you.
