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No oil for up to five years: Cambodian government

Wed, 26 February 2014 **Daniel de Carteret**

It will be years before oil starts to be produced by energy giant Chevron's offshore site in the Gulf of Thailand, a senior Cambodian official said yesterday.

Meng Saktheara, secretary of state at the Ministry of Mines and Energy, said that negotiations over taxation have continued to stall the approval of Chevron's permit to extract, and though Saktheara is confident a resolution will be found soon, it could take "three to five years" for Cambodia to see its first drop of oil.

"So far, the government has not yet responded to the application due to the issue of taxation," Saktheara said, referring to disagreements over how much of Chevron's share of the profits should go towards state coffers.

Once those terms are worked out, he added, it only kick-starts the process of extraction, which could take until 2019 to see tangible results.

Chevron declared in 2010 that oil reserves covering 4,709 square kilometres in the Gulf of Thailand were economically viable.

However, the company's negotiations with the government has led to delays in the long-anticipated project, which would greatly help Cambodia loosen its dependence on energy imports.

"We want to make sure that all Cambodian people benefit from this development," Saktheara said.

Steve Glick, former Chevron Cambodia country manager, told the *Post* in 2011 that the company had paid more than \$160 million to assess the commercial viability of the offshore site, referred to as Block A.

Prime Minister Hun Sen initially wanted oil to be flowing a little more than one year ago, but his self-set deadline of December 12, 2012, has long since come and gone.

Chevron, which reported \$21.4 billion in earnings last year, also noted in its recent 2013 annual report that commercial discussions were still ongoing, and a final investment decision to develop the block had not been made.

"At the end of 2013, proved reserves had not been recognised for the project," the report reads.

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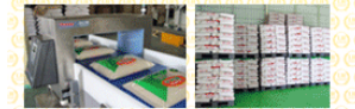
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