

THE MINERAL INDUSTRY OF

BRUNEI

By John C. Wu

Brunei, a small, oil-rich country on the northwest coast of Borneo Island in Southeast Asia, had extensive reserves of petroleum and natural gas. According to the U.S. Oil and Gas Journal, Brunei's proven reserves of crude petroleum were 1.35 billion barrels and natural gas, 396.44 billion cubic meters (m³). In 1995, Brunei was the world's fourth largest producer of liquefied natural gas (LNG). In the Asia and Pacific region, Brunei ranked sixth in crude petroleum production and seventh in natural gas production.

Brunei's mineral industry was comprised of an oil and gas company engaged in the production of crude petroleum, refined petroleum products, and natural gas; a company involved in the production and marketing of LNG; and several small-scale industrial minerals companies engaged in the mining of crude construction materials, such as sand and gravel and other varieties of stone.

Because of the decline in oil and gas prices during the past few years, the oil and gas sector's contribution to Brunei's gross domestic product dropped from 62% in the late 1980's to about 40% in the first half of the 1990's. However, the oil and gas sector remained the main engine of Brunei's economic growth in 1995.

Exports of crude petroleum, natural gas, in the form of LNG, and refined petroleum products were estimated to account for about 95% of Brunei's export earnings, which were estimated at \$2.5 billion in 1995. About 45% of export earnings were from exports of LNG, 44% from crude petroleum, and 7% from refined petroleum products. Japan was the dominant buyer of Brunei's crude petroleum and LNG. The Republic of Korea, Singapore, and Thailand were other major buyers of Brunei's crude petroleum and refined petroleum products in 1995.

Production of oil and gas by Brunei Shell Petroleum Co. Sdn. Bhd. (BSP) was from seven offshore fields-South West Ampa, Champion, Magpie, Fairley, Fairley-Baram, Gannet,

and Iron Duke- and from two onshore fields in Serai and Rasau. BSP, the sole oil and gas producer in Brunei, was a 50-50 joint venture of Royal Dutch Shell Group Co. and the Government of Brunei.

Production of crude petroleum by BSP decreased to an average of 159,000 barrels per day (bbl/d) in 1995 from an average of 162,000 bbl/d in 1994. About 65% of the crude petroleum production was from South West Ampa and Champion Fields. Production of natural gas was about 9.8 billion m³, of which more than 95% was from South West Ampa, Champion, and Fairley Fields.

To meet domestic demand for refined petroleum products, BSP operated a 8,600-bbl/d petroleum refinery at Seria. Major refined petroleum products included gasoline, distillate fuel oil, and jet fuel. Brunei LNG Sdn. Bhd. purchased natural gas from BSP and produced LNG at the Lumut LNG plant with a capacity of 5 million metric tons per year (Mt/yr). The company had made considerable investment to upgrade its LNG production facilities and constructed a new side-loading berth for LNG export to the Republic of Korea and other countries. Exports of LNG were estimated at about 6.2 million metric tons and valued at about \$1.2 billion in 1995. Most of the LNG output was exported to Japan under a new 20-year contract signed in 1993. Under this long-term contract, Brunei was to export 5.54 million metric tons per year of LNG to Japan. Brunei also exported about 700,000 metric tons of LNG to the Republic of Korea in 1995.

Major Sources of Information

Mining and Quarrying Unit
Ministry of Industry and Primary Resources
Bandar Seri Begawan
Brunei Darussalam

TABLE 1
BRUNEI: PRODUCTION OF MINERAL COMMODITIES e/ 1/

Commodity 2/	1991	1992	1993	1994	1995
Gas, natural:					
Gross					
million cubic meters	9,200	9,500	9,600	9,800	9,600
Marketed	8,240	8,700	8,800	9,000	8,800
Natural gas liquids:					
Condensate	4,000	4,500	4,600	4,700	4,600
thousand 42-gallon barrels					
Natural gasoline	290	290	290	290	290
do.					
Liquefied petroleum gas	90	90	90	90	90
do.					
Total	4,380	4,880	4,980	5,080	4,980
do.					
Petroleum:					
Crude	59,100	59,700	57,600	59,200	58,000
do.					
Refinery products:					
do.					
Gasoline	630	620	630	620	620
do.					
Distillate fuel oil	450	430	440	430	430
do.					
Residual fuel oil	10	10	10	10	10
do.					
Other including refinery losses	350	330	340	330	340
do.					
Total	1,440	1,390	1,420	1,390	1,420
do.					

e/ Estimated.

1/ Table includes data available through Aug. 28, 1996.

2/ In addition to the commodities listed, crude construction materials such as sand and gravel and other varieties of stone presumably are produced, but available information is inadequate to make reliable estimates of output levels.