

# Oil race makes smaller firms takeover targets

**Oil majors, national oil companies are chasing overseas exploration assets**

By **RONNIE LIM**

"THERE'LL be more Pearls," former Philippine energy secretary Vincent Perez says of the small independent oil and gas companies which, after building an attractive portfolio of assets, find themselves takeover targets of bigger players amid Asia's scramble for oil.

Mr Perez was referring yesterday to United Arab Emirates-based Aabar Petroleum's planned general offer for Singapore-listed Pearl Energy, which has built up a portfolio of oil-field concessions in Thailand, Indonesia, and the Philippines. Aabar itself emerged from another exploration and production

company, Dalma Energy, which it acquired last July.

Pearl is now producing an average of 12,600 barrels per day of oil, which will rise by 3,000 bpd when its TBA oilfield starts production next month.

Mr Perez, a Philippine cabinet member till March 2005, holds several posts, including that of chairman of Merritt Partners. He is speaking on "Who wins in the Asian scramble for oil" at the Institute of Southeast Asian Studies.

Asked about competition between the oil majors and national oil companies in the ongoing exploration frenzy, he said both have become buyers of large oilfields from Asia to Africa, as well as smaller parcels that smaller exploration and production (E&P) companies like Pearl have gathered together.

Some national oil companies like Malaysia's Pe-

tronas, which had an early start building up its overseas E&P assets, are virtually international oil companies in their outlook now, he said. "Petronas' foreign reserves of 6.3 billion barrels exceed the 4.8 billion barrels reserves back home in Malaysia," he said.

Some 35 per cent of Petronas' revenue now comes from these overseas projects, with half of this coming from African projects.

Amid the keen tussle for oilfields, Mr Perez said he has noticed that Asian oil companies are increasingly talking to one another.

"There has also been more joint ventures, especially in Africa or Sudan, between the Asian oil companies who try to minimise risks this way," he noted.

But the ultimate winners of the scramble for oil are the producers who have benefited from E&P players competing for their assets.