Impacts of Oil & Gas Projects in Burma

Arakan Oil Watch (Burma)

Oil Watch Southeast Asia Regional Meeting

July 27 2010
Geography of Burma

- Area is 36,762 km²
- Estimated population is 3 million
- Capital city is Sittway
Burma’s political situation in brief

- Burma has been under military rule since 1962
- National election in 1990: National League for Democracy (NLD), led by Aung San Suu Kyi, won a landslide victory with 82% of parliamentary seats
- Instead of transferring power to NLD, the military arrested and tortured many MPs.
- Saffron Revolution in 2007
- Election law announced by SPDC
- NLD not participating in 2010 election

- Pro-democracy leader Aung San Suu Kyi, 63 years old and Nobel Peace prize winner, has spent more than 12 of the past 18 years in detention.
- Over 2,100 political prisoners are still held in Burmese prisons.
Burma is a poor country under current brutal regime

- At independence, Burma was one of Asia’s richest countries. Now it is among the poorest.
- Most of the people live under 1US$ per day.
- IDP 540,000 by war or human rights abuses.
- Estimated 155,000 people live in refugee camps along the Thai-Burma border.
- The economy is mismanaged. People cannot afford even basic needs due to chronic inflation in the hundreds of percent.
- An estimated 35% of children under 5 years old suffer from malnutrition.
- Junta and cronies are very, very rich, even though 57 million people are facing poverty.
Burma Crisis: Aug-Sep, 2007
Burma is resource rich

- Oil & Gas
- Gems
- Ruby & Jade
- Timber
- Hydropower

![Resource Pie Chart]

- Oil & Gas 43%
- Timber 10.3%
- Gem 5.9%
- Ivanhoe Copper 2.1%
- Others 39%
Oil and Gas: Largest source of revenue for Than Shwe’s regime

- 2.16 billion US$ from gas exports to Thailand by inland pipeline, (accounting for 43% of total exports in 2007)

- Doubled from the last year 1.08 billion US$
**Yadana and Yetagon Gas Projects (9.7 tcf)**

- **Yadana offshore project**
  Operated by Total, Myanmar Unocal, PTTEP, MOGE.
- **Location:** The Yadana project incorporates the M-5 and M-6 offshore blocks in the Mottama Gulf.
- **Reserves:** 6.5 TCF.
- **Production:** The project exports 600 million cubic feet of gas per day (mmcfd) to Thailand, while another 125 mmcfd is diverted for domestic use.
- **History:** MOGE discovered the Yadana gas field, which provides a large chunk of the nation’s energy needs, in 1982. Gas exports from the field to Thailand, via a pipeline, started in 1998.

**Stakeholders**

**Yadana:** Total (France)-31%, Chevron (formerly UNOCAL, USA)-28%, PTTEP (Thailand)-26%, MOGE (Burmese military)-15%
Operated by Petronas, MOGE, PTTEP and Nippon

Location: M-12, M-13, M-14 offshore blocks, Mottama Gulf.

Reserves: 3.2 TCF.

Production: 400 mmcfd.

History: Discovered by Texaco (US) in 1992. Ownership changed to Premier in 1997 and then Petronas took over in 2002.

Stakeholders

Yetagun: PTTEP (Thailand) 19.32%, Petronas (Malaysia) 14.17%, Nippon oil exploration 14.17%, MOGE (Myanmar) 15%
Impacts from Thai-Burma pipeline construction

**Abuses:**

- Land confiscation
- Force relocation
- Force labor
- Rape case
- Torture
- Law sue the companies
Duel Oil and Shwe Gas pipelines has started since 2009

- Oil and Gas pipeline construction start late 2009 and will complete in 2013
- Abuses start since beginning of pipelines construction
- Oil and Gas pipeline threaten human rights and Env abuses
Burma’s the largest (SHWE) gas field

• Shwe Gas The A-1 and A-3 offshore fields have proven reserves of 5.7 to 10 trillion cubic feet (tcf) with up to 8.6 tcf recoverable, according to U.S.-based international certification agency GCA.

• Reserves: The fields hold confirmed reserves of up to 9.1 trillion cubic feet (tcf) of natural gas, of which 4.5 to 7.7 tcf is recoverable.

• Production: Production from both gas fields is expected to begin in 2013.

• History: The A-1 block was discovered in January 2004, by Daewoo. The block A-3 was located in January 2006.

• Stake holder,
• Operator Daewoo International of S.Korea ‘s Daewoo, KOGAS, ONGC, Gail, MOGE
• Production are planned in 2013, CNPC is gas buyer.
Revenue for Military regime?

• Annual transit free: $150 million per year for 30 years for a total of $4.5 billion
• Estimated revenues from the sale of the natural gas: $29.2 billion
• The sale of the Shwe Gas will provide the junta with an additional $970 million annually. This does not include signature bonuses and other unofficial payments that would be part of the Shwe Gas
Where is gas revenue?

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Military</td>
<td>60%</td>
</tr>
<tr>
<td>Health</td>
<td>1.43%</td>
</tr>
<tr>
<td>Education</td>
<td>3.8%</td>
</tr>
<tr>
<td>Others</td>
<td>34.77%</td>
</tr>
</tbody>
</table>

Nuclear weapon
Under ground tunnel
New Capita city (Naypyitaw)
The SPDC spends nearly 60% of its GDP on military: the number of military personnel increased from 180,000 in 1988 to over 444,000 in 2002.
China’s new Oil pipeline route
2,443 villagers from 6 villages have been suffering human rights abuses.

Over 100 Chinese employees in Maday Island.

Will set up oil terminal at Maday Island.
“I have a big problem because I lost my farm land. I was a farmer but all my farm land had been confiscated by the Chinese company. I do have not any other job or skills except being a farmer” said a villager.
“they confiscated land from us and now I have no place to cultivate my plants. What are my daughters and sons going to eat if their parents cannot provide food for them?” said a villager
“If they do not pay compensation to me, I cannot offer my children an education. They confiscated my land in September 2009” said a farmer of three children.
“I had to sign a document in front of the police. They came to me and asked some questions after they confiscated my land because they were worried that I would create problems with the Chinese. The police warmed me to not create any problems with the Chinese workers” said a villager who lost land.
"the residents will face many problems in the future, such as no free fishing in the sea and in the river. Maday Island has over 300 fishermen and they will face grave problems in the future if they cannot catch fish freely" said a fisherman.
Destruction of Burma’s mangrove forest
Increased militarization
What we are doing:

Provide knowledge to Local people
Awareness and Mobilizing

BLOCKING FREEDOM:
A Case Study of China’s Oil and Gas Investment in Burma

ARAKAN OIL WATCH October 2008

The Shwe Gas Bulletin

China Ties Economic with Burma’s Military Regime Including Energy Sector

During the visit of Chinese Vice President Xi Jinping to Burma in Dec 2009, the two countries signed five agreements on the development of trade, economy, transport infrastructure, technological cooperation and purchase of machinery; seven financial agreements, three agreements on hydroelectric power; and one agreement on the energy sector and the oil and natural gas pipelines. Among the MoUs signed during the visit was an agreement to allow China National Petroleum Corporation (CNPC) exclusive rights to build and operate a Myanmar-China Crude Oil Pipeline.

CNPC Starts Work on $1.5 Billion Oil Pipeline and Oil Terminal in Autumn

Dec 2009 (SGB)

China’s CNPC will start building the $1.5 billion oil pipeline in autumn of this year and construction of the oil terminal is expected to start on October 31 in Kyauk Phyu City of Western Burma’s Arakan State, according to OilPrice news.

The China-Burma Crude Oil Pipeline travels from the small island of Mawphu at Kyauk Phyu, passing 771 kilometers through Rakhine, Magway, Mandalay and Shan States, and enters into China from Ruili in Yunnan Province.

Published by the Arakan Oil Watch, a core member of the Shwe Gas Movement
THANK YOU!

Arakan Oil Watch