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S. KOREAN ENERGY COMPANIES LOCATE NEW GAS FIELDS

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South Korean energy companies have discovered new gas fields and won rights to seek for oil in Madagascar and in the North Sea, industry sources said Sunday.

Sources said Daewoo International Corp. discovered a commercially viable gas deposits in the offshore A-1 block area of Myanmar near Bangladesh.

The exact size of the new find will be confirmed in August, but the company is already planning to develop the new deposit with those it discovered in April 2005 and in January of this year. Full scale production is expected to commence in 2009.

The gas deposit found last year is estimated to hold 70 million tons of liquefied natural gas (LNG). This is enough gas to meet South Korea's LNG requirements for 3.2 years.

Daewoo owns 60 per cent stake in the gas fields it has found, while others like the Korea Gas Corp. owns 10 per cent.

In addition, SK Corp. said it will take part in the production of four oil fields in the North Sea. The company owns 30 per cent stake in two blocks and 40 per cent in the other two others, while Swiss-owned Nautical Petroleum holds the rest. The ventures are the first time since the state-run Korea National Oil Corp. (KNOC), that a South Korean company took part in a European fields. The KNOC took part in a British-owned field in 1997,

"Taking into consideration, SK's holdings in the joint venture, it may be entitled to 76 million barrels of crude," said an oil expert.

The company also said it has signed a pact that will allow it to develop four separate fields in Madagascar, that may yield 220 million barrels of oil.

The four blocks in the Majunja Offshore Profond are significant because it will mark the first time that a South Korean company made inroads to develop oil in western Africa.

SK has taken over the 20 per cent holdings held by U.S.-based Vasco Co. Exxon Mobil Corp. holds operating share in the fields.

The latest discovery increases the number of overseas oil and gas projects that South Korean companies are engaged in to 45 from 39 in 2001.

Overall, counting oil and gas fields operated by the KNOC, South Korea is involved in 71 projects in 26 countries.

Related to the greater involvement shown by local companies, industry insiders said companies like SK and Daewoo injected US\$950 million last year into overseas oil and gas development. They said the total amount could reach \$2.2 billion by the end of this year.

The Ministry of Commerce, Industry and Energy, which is responsible for oil and gas production, said such trends will help contribute to the country reaching self-sufficiency levels in this field to 18 per cent by 2013 from around 4 per cent at present.

"The progress made by SK and Daewoo could spur a push by other local companies to seek overseas oil and gas deposits," said Lee Seung-woo, the head of the ministry's oil development division.

(Yonhap)