

## ENERGY

# BCP crude output to rocket

## Latest acquisition adds to oil resources

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SET-listed energy firm Bangchak Corporation Plc (BCP) has announced that its crude oil production will expand by 450% after acquiring a stake of oil fields in Norway.

Combined with its existing oil fields in the Philippines, crude oil output will expand to 11 kilo-barrels of oil equivalent per day from only two Kboed.

Chaiwat Kovavisarach, chief executive and president, said BCP spent 3.76 billion baht last month on a 45% stake of Okea AS, a Norwegian upstream oil and gas firm.

The deal is expected to be completed by November.

On June 20, BCP submitted a letter the Stock Exchange of Thailand to set up a

firm called BCPR in Singapore to jointly invest with Seacrest Capital Group in the petroleum fields Draugen and Gjoa from A/S Norske Shell.

BCPR will agree to subscribe to up to 90% of the increased capital in Okea through new shares. Once the transaction is completed, BCPR will hold 45% of OKEA shares.

Shell intends to spin off numerous assets after merging with BG Group in 2015. This deal is also included in Shell's business plan.

Mr Chaiwat said this deal is worth the huge budget allocation because Okea has great potential for increased crude oil output.

"The partnership with Seacrest, with petroleum assets are in the North Sea and Brazil, will lead to capacity expansion in the near future," said Mr Chaiwat.

Seacrest is an investment fund focused on off-shore oil and gas operations globally.

"The Draugen and Gjoa oil fields are world-class assets that have been pumping light crude oil for a long time," he said.

These assets are appropriately priced and the crude oil's grade aligns with BCP's oil refinery complex in Phra Khanong district, he said.

Mr Chaiwat said the deal has come at the right time because BCP's wholly-owned oil and gas explorer, Nido Petroleum Co in the Philippines, is expected to wind down production from two KBOED by 2020.

BCP's business direction has expanded into many fields over the last decade, from traditional oil refinery and retailer in Thailand into biofuels, renewables, petroleum



**Chaiwat: Preparing for disruption**

exploration and production activities and bio-petrochemicals.

The company recently moved to acquired stakes in Lithium Americas Inc (LAC), an upstream battery industry in the US state of Nevada.

Mr Chaiwat said the LAC acquisition is in the preparatory stages and the company is raising approximately US\$500 million (16.6 billion baht) to open a lithium mine in the US and Argentina by 2020.

The long-term business plan for LAC will be disclosed later.

The output is lithium carbonate, a major raw material for battery and energy storage products.

BCP will expand the business plan to innovate energy storage and electric vehicles (EVs) over the next three years.

"The EV population and battery demand will increase significantly from 2025 onward and BCP has to prepare for disruptive technology," said Mr Chaiwat. —



**TPIPP's power plant in Saraburi, with capacity of 220 megawatts, has begun operations.**