



2007 Minerals Yearbook

BRUNEI [ADVANCE RELEASE]

THE MINERAL INDUSTRY OF BRUNEI

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Brunei (Negara Brunei Darussalam) is located in Southeast Asia on the northwest end of Borneo Island, where it shares a common border with the Malaysian State of Sarawak. Brunei is one of the highest per capita income countries in the Asia and the Pacific region owing mainly to its significant natural gas and oil resources. In addition to the natural gas and oil resources, Brunei also has small resources of carbonate rocks, coal, kaolin, sand and gravel, and silica sand.

Owing to a drop in oil production, the rate of Brunei's economic growth was only 0.6% in 2007 compared with 5.1% in 2006. Inflation remained low at 0.1% because of the Government's price controls. The oil and gas sector accounted for more than 90% of the Government's total tax revenues and 69% of the country's gross domestic product in 2006. The oil and gas sector employed 4,379 people, or 4.1% of the total private sector labor force, and the mining, quarrying, and manufacturing sector employed 18,508 people, or 17.3%. Most of the mining and construction labor force was made up of temporary residents (International Monetary Fund, 2007, p. 20; 2008, p. 280).

Production

Before 2006, Butra HeidelbergCement Sendirian Berhad, which was the only cement producer in Brunei, was a joint venture between "Butra" (a local company) and HeidelbergCement Group of the Netherlands. In November 2006, HeidelbergCement acquired Butra's 50% share of the cement company and became the sole owner. Butra HeidelbergCement had the capacity to produce 500,000 metric tons per year (t/yr) of specialty cement from imported clinker and gypsum at its cement grinding plant, which was located near Muara. The specialty cement is used mainly for oil well and sulfate resistance. Owing to competition from imports, the production and sale of domestic cement declined in 2007.

The Government of Brunei's Petroleum Unit oversees the development of the natural gas and oil sector for the Government. Brunei National Petroleum Co. Sdn. Bhd. (PetroleumBRUNEI), which is a limited-liability company that is wholly owned by the Government, looks after the country's commercial interest in the oil and gas sector. Brunei Shell Petroleum Co. Sdn. Bhd. (BSP), which was the main oil and gas production company in Brunei, was jointly owned by the Government and Royal Dutch/Shell Group of the Netherlands. Its refinery output capacity of 10,000 barrels per day was sufficient to meet the domestic demand for most oil products. In 2006, Indonesia accounted for 28% of Brunei's crude oil exports followed by the Republic of Korea, 17.7%; Australia, 16.9%; the United States, 8.8%; India, 7.4%; Japan, 7.3%; New Zealand, 4.7%; China, 3.3%; Singapore, 3.1%; and Thailand, 2.8%. Natural gas was exported as liquefied natural gas mainly to Japan and the Republic of Korea (Petroleum Unit, 2008).

In August 2006, PetroleumBRUNEI awarded Block L to the joint venture of Loon Energy Inc. and QAF Brunei Sdn. Bhd.,

and Block M to the joint venture of China Oil USA (Macao) Co. Ltd., Jana Corporation Sdn Bhd., and Valiant International Petroleum Ltd. In December 2006, PetroleumBRUNEI approved Nations Petroleum to be the operator and holder of a 50% working interest in Block L; Loon and QAF held 40% and 10% interests, respectively. PetroleumBRUNEI appointed Tap Energy (Borneo) Pte Ltd. to be the operator for the onshore Block M and held a 39% equity interest. Triton Borneo Ltd. (formerly known as Valiant International Petroleum Ltd.), China Sino Oil Co. Ltd. (formerly known as China Oil USA (Macao) Co. Ltd.), and Jana held 36%, 21%, and 4% interests, respectively. Most of the 2,253-square-kilometer (km²) area that comprises Block L lies onshore in the eastern part of Brunei's Murara District and parts of Temburong and Tutong Districts. About 600,000 barrels of oil was produced in Block L area during 1955 and 1962; however, a large portion of Block L remained unexplored. Block M covers an area of 3,011 km² in the southern part of the Belait District. About 33,000 barrels of oil was extracted between 1924 and 1931; a huge portion of Block M also remained unexplored, however. Exploration was scheduled to begin in 2008 (Brunei National Petroleum Co. Sdn. Bhd., 2007).

Structure of the Mineral Industry

Table 2 is a list of major mineral industry facilities.

Outlook

Brunei is an oil and gas producing country. The Government expects that economic growth will be flat if oil production declines in the future and is planning to diversify its economic program into such nonoil sectors as financial services, high-technology manufacturing and services, tourism, and value-added and exported-oriented industries. This will require the Government to reduce its role in the economy and to implement structural reforms to attract private investment from domestic and overseas companies.

References Cited

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TABLE 1
BRUNEI: PRODUCTION OF MINERAL COMMODITIES¹

Commodity ²	2003	2004	2005	2006	2007
Cement thousand metric tons	235	242	266	240 ^e	200 ^e
Gas, natural:					
Gross million cubic meters	12,700 ^r	12,500 ^r	12,200 ^r	12,988	12,536
Marketed ^c do.	12,024 ³	11,800 ^r	11,500 ^r	12,135 ³	11,718 ³
Petroleum:					
Crude ⁴ thousand 42-gallon barrels	75,555 ^r	75,920 ^r	73,365 ^r	80,029	70,748
Refinery products ⁵ do.	4,639	4,710	4,780	4,350	4,438

^eEstimated; estimated data are rounded to no more than three significant digits. ^rRevised. do. Ditto.

¹Table includes data available through October 30, 2008.

²In 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.

³Reported figure.

⁴Includes condensate.

⁵Includes jet fuel, refinery fuel, and refinery losses.

Sources: Prime Minister's Department, Petroleum Unit, and U.S. Geological Survey Minerals Questionnaire, 2003-07.

TABLE 2
BRUNEI: STRUCTURE OF THE MINERAL INDUSTRY IN 2007

(Thousand metric tons unless otherwise specified)

Commodity	Major operating companies	Location of main facilities	Annual capacity ^c
Cement	Butra HeidelbergCement Sendirian Berhad (HeidelbergCement Group, 100%)	Near Muara	500
Petroleum refinery barrels per day	Seria Oil Refinery [Brunei Shell Petroleum Co. Sdn Bhd. (BSP) operator]	Belait District of Seria	10,000

^cEstimated; estimated data are rounded to no more than three significant digits.