



The

# Shwe Gas

Bulletin

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## North East Students oppose Shwe Gas Pipeline

Aug 2, 2006

The North East Students' Organisation (NESO) in India announced setting up a campaign committee on July 31 to oppose the Shwe gas pipeline plan construction starting from Arakan to India.

The NESO member organizations are Mizo Zirlai Pawl (MZP), Naga Students' Federation (NSF), All Manipuri Students' Union (AMSU), Khasi Students' Union (KSU), Tripura Students Federation (TSF), All Arunachal Pradesh Students' Union (AAPSU) and All Assam Students' Union (AASU), and Garu Students' Union (G.S.U).

The NESO expressed their worries that the Shwe gas pipeline would destroy the ethno-cultural life of indigenous communities of the region and lead to environmental degradation of the region.

Neso general secretary N.S.N. Lotha at the Agartala Press Club said, "Our experience confirms that all development projects in the Northeast have led to militarization and displacement of the indigenous people and we demand an in-depth assessment of the potential good or evil that will emanate from the project."

The proposed \$ 3 billion pipeline will start from Shwe in the Arakan province of Myanmar along Kaldan river and pass through Tinsukia, Aizawl, Silchar and Guwahati before



The North East Students Organisation held a press conference on July 31 opposing the Shwe gas project pipeline at Agartala press club, Tripura.

merging with the Haldia pipeline at Gaya, traversing 1,400 km. The pipeline will carry 18-28 million standard cubic metres (MMSCMD) of natural gas per day.

If the pipeline plan is implemented, it will cost an estimate 10,500 to 12,000 billion rupees for the relocation of local people living along the proposed pipeline route, according to a burmese journal published in Rangoon.

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# Editorial

## *Burma Needs Support In Reality*

*Holding a huge amount of natural gas in Yadana, Yaytagun and the recent Shwe gas offshore fields in the country, Burma is expected to become one of the major oil and gas heavens in the region.*

*Energy companies from South Korea, China, India, Thailand, Malaysia, Singapore, Total of France and Chevron (former Unocal) of the United States have been delighted by Burma's rich natural resources but have ignored the people's suffering and the current lack of transition to democracy under the ruling Burmese regime.*

*Several other Asian countries, such as Korea, Japan and Taiwan are also seeking to pour millions of dollars into the mouth of the corrupt and desperate Burmese regime in return for buying oil and gas.*

*Burma currently exports its gas from Yadana and Yaytagun to Thailand. China, India and Thailand are currently negotiating the right to buy Arakan gas from the Shwe fields.*

*Gaining billion of dollars from foreign investment in the energy sector and selling gas to neighboring countries, the Burmese Junta spends those dollars to increase its militarization and to prolong its power. Increasing militarization lead to rising human rights abuses in the country most noticeable in the ethnic areas.*

*Among the companies filling million of dollars into the Burmese regime's pocket, Malaysia's Petronas is the biggest investor in oil and gas exploration and extraction in Burma, beginning in 1997 and currently operating 7 blocks, followed by Daewoo International of South Korea, ONGC and Gail of India and PTTEP of Thailand.*

*According to a Memorandum of Intent (MOI), signed in August 2006 between Burma's Ministry of Energy and Petronas International Corporation Limited (PICL), technicians from Burma and Petronas are going to cooperate in conducting a feasibility survey on commercial and technological matters to sell natural gas through pipelines to neighboring countries and manufacturing Liquid Natural Gas (LNG) based upon existing natural gas deposits and potential natural gas resources in Burma.*

*Petronas is a wholly-owned subsidiary of Malaysia's state oil company Petroliaam Nasional Berhard.*

*Even though Malaysia is cooperating with the Burmese military junta, its foreign minister, Syed Hamid Albar, chairman of the Association of the South East Asia Nation (ASEAN), contradictory urged China and India to pressure Burma's regime during last month's conference of ASEAN members.*

*Like Malaysia, a variety of countries from the region and from abroad criticize the Burmese regime only by looking at its human rights abuses and detained Burmese democratic icon Aung San Suu Kyi.*

*However, in reality, many countries from the West and Asia are opposing Aung San Suu Kyi's aspiration to impose economic sanctions against the Burmese military regime.//*

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# Thailand Joins the Race a Bid for Shwe Gas Reserves

Aug 2, 2006 (SGB)

PTT Plc (Petroleum Authority of Thailand), a 66 percent state-owned company, announced that it has joined the race against China and India in a bid for exclusive rights to Burma's Shwe gas reserves.

"We have expressed interest to buy gas from Myanmar's (Burma) A-1 block," Chitrapongse Kwangskstith, PTT senior executive vice president for exploration and production, told AFP.

Burma, which borders both China and India, possesses significant untapped natural gas reserves off its western Arakan coast, and the two Asian giants have been pushing to formalize a deal to build pipelines from the A-1 block in Arakan.

The semi-official Myanmar Times newspaper on Monday quoted an unnamed energy ministry official, who said that the rights to the gas would probably go to the highest bidder.

"At present we haven't decided which country to sell A-1 gas to," the senior official said, adding that they were considering three options: Selling the gas via pipeline; Building a LNG (Liquefied Natural Gas) plant; and construction of gas-based industries in the country.

India and China have been trying to formalise a deal to transport natural gas from the A-1 Block since last year. Myanmar signed a memorandum of understanding with both countries, and feasibility studies for pipelines to China and India have been completed.

China also signed a deal with Myanmar in November 2005 and recently completed a study building a pipeline from the Arakan Coast to its Yunnan province.

India has submitted a detailed feasibility report (DFR) to Burma for a 1,575 km long gas pipeline between the two countries that will bypass Bangladesh and stretch from the Sittwe port, capital of Arakan to Gaya in Bihar, India, where it will link up with the Haldia-Jagdishpur oil pipeline. The pipeline will traverse across Burma and touch Aizwal in Mizoram, Silchar and Guwahati in Assam and Siliguri in North Bengal.

Thailand already pipes about one billion cubic feet of gas per day from Myanmar's offshore reserves Yadana and Yetagun gas project in the southeast in the Andaman Sea. According to the Burmese official, Thailand's imports from the A-1 block would be fairly easy to accommodate, as Thailand would only need to build an underground pipeline from A-1 to the existing gas project pipeline in the Andaman Sea.//

## Thai Plan Undersea Pipe for Shwe Gas



Sep 15, 2005 (SGB)

PTT Plc is seeking a 15% stake in the block A1 in exchange for the gas purchases from the Shwe fields, Bangkok Post reported last month.

The gas from the block will be piped into Thailand once a deal with PTT is reached and the development stage has begun, PTT Plc official said.

A 1,000 kilometre undersea pipeline will be built from Block A1 to connect with Yadana and Yetagun fields, then with Burmese offshore fields at Andaman Sea and at that point will enter Thailand. PTT holds a 25.5% stake in Yadana field and a 19.3% in Yetagun field.

The undersea pipeline will be implemented after 2010, coinciding with PTT's plan to import liquefied natural gas from Iran and Australia.

Burmese gas from Yadana currently fulfills 15 to 20% of Thailand's demand. The country's economic growth has fueled a rapid rise in demand for electricity, which is increasing by 6 to 7% per year. Approximately 70% of power generation in Thailand is gas-fired, using local gas resources supplemented by gas from Burma's Yadana and Yetagun fields.

As Burma's neighbor, Thailand is one of the largest investors in Burma after China and India, according to the United Nations.//

# Myanmar Energy Production Rising

*By Aaron Clark Associated Press Writer (Aug 26, 2006)*

BANGKOK, Thailand — Governments both East and West are often critical of Myanmar's human rights abuses, but the country's energy production is rising, and nations are quietly doing lucrative business with its junta leaders.

Although the U.S. leads the chorus of criticism and has slapped economic sanctions on the country, giant oil company Chevron and an upscale tourist operator are among American enterprises doing business in the Southeast Asian nation.

"Clearly what many governments and corporations say and what they practice are completely different things," says Ka Hsaw Wa of EarthRights International, a nonprofit group that documents human rights and environmental abuses.

While the ruling military junta has brutally repressed political dissent and keeps pro-democracy leader and Nobel Peace laureate Aung San Suu Kyi in detention, the country is the 16th largest natural gas exporter in the world and new discoveries suggest it may harbor one of the largest gas yields in Southeast Asia.

It was recently announced that undeveloped fields in Myanmar's Bay of Bengal could yield between 5.7 and 10 trillion cubic feet of tappable gas.

This past week, Myanmar reported it agreed to increase its natural gas exports to Thailand and could raise production from just one field by 25 percent.

"Over the long term this is going to increase," said Vichitr Kuladejkhuna, an energy analyst with Singapore-based DBS Vickers Securities. "There is significant potential for future development."

Thailand joined in tough criticism leveled at Myanmar — also known as Burma — at the annual meeting of Association of Southeast Asian Nations last month. But the sharp rhetoric has done little to curb the business deals that activists claim enrich and empower the country's generals.

Barely a week after the ASEAN conference, Thai Prime Minister Thaksin Shinawatra quietly visited the country to meet the regime's supreme leader, Gen. Than Shwe, requesting exclusive rights for Thailand's state-run PTT Exploration and Production oil company to develop Myanmar's gas reserves.

So far, Thailand is the only country that imports gas from Myanmar. In 2004, Myanmar earned \$578 million from Thailand, or 23 percent of its official total export revenues. Timber, gems and other products are smuggled to neighboring countries and not accounted for officially.

The country's largely undeveloped gas reserves, however, have set off a fierce bidding war between China, India and Thailand that could bring in up to \$17 billion for the regime, according to the Shwe Gas Movement, a grassroots coalition monitoring Myanmar's energy sector.

Malaysia's energy giant, Petroliaam Berhard, signed a memorandum of intent this month to cooperate with Myanmar on oil and gas projects, the state-run newspaper New Light of Myanmar said.

Myanmar's Asian neighbors are not alone.

Despite sanctions by the European Union and the U.S., French and American oil companies Total and Chevron operate in Myanmar's lucrative Yadana gas fields through grandfather clauses and sanction loopholes.

The U.S. imposed economic sanctions on Myanmar in 1997, prohibiting most new investment in the country. In 2003, a more stringent law banned nearly all U.S. imports from Myanmar and further restricted financial dealings with the country.

"Chevron maintains its investment in Myanmar assets for compelling business reasons, fundamental of which is to better meet Southeast Asian demand for energy supplies," said Charlie Stewart, a Chevron spokesman. "Providing safe, reliable and secure supplies of natural gas will contribute to economic growth and stability in the region."

According to The Burma Campaign, a British advocacy group, more than 100 international companies do business with Myanmar. The firms include U.S.-based luxury tour operator Abercrombie & Kent and Britain-based timber company Morgan Timber, which sells Burmese teak.

But it's energy needs that are driving foreign investment.

Earlier this year, Thailand's MDX Group signed a \$6 million contract to build a dam that will supply Thailand with electricity, one of five planned in Myanmar along the Salween River. Environmentalists say the development will ravage a delicate ecosystem, and activists say it threatens numerous marginalized ethnic groups.

Thailand claims its policy of "constructive engagement" is helping speed Myanmar toward democratic and economic reforms.

"Most of the cooperation programs we have with them go down to the grass roots. It involves local people, it involves local well-being. I think that would contribute not only to economic prosperity, but national reconciliation," said Thai Foreign Ministry spokesman Kitti Wasinondh.

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# The Shwe Gas Project Require an EIA Now

## Part V: The Nature of Natural Gas as a Harmful and Non-Renewable Natural Resource

By Lars Thompson (July 27, 2006) (SGB)

Natural gas like coal and oil is a non-renewable fossil fuel. Natural gas is non-renewable because it cannot be renewed within the human time frame. Burma has the world's 10th largest natural gas reserves, estimated at 90 million cubic feet. Natural gas development begins with exploration and extraction through drilling, natural gas requiring treatment to remove impurities such as hydrogen sulfide, helium, carbon dioxide, hydrocarbons, helium and moisture.

While contamination of the world's oceans is multifactorial and the accumulation of all kinds of human activities, the oil and gas industry annually discharges from offshore facilities over 3 billion tons of solid waste and 500 cubic kgs. of liquid waste which contain over 800 substances. The cumulative manifestations of improperly treated discharged materials resulting from natural gas and oil exploration and extraction are concentrated in the marine coastal areas where 80% of the earth's population resides.

Natural gas is a cleaner burning fuel than oil or coal, emitting into the atmosphere 30% less carbon dioxide than oil and 50% less carbon dioxide than coal when burned. Therefore natural gas is perceived to be better for the environment. However, the burning of natural gas as well as extraction and production activities cause equally destructive environmental impacts, burning being a major contributor to global warming and climate change.

Delivering natural gas through pipelines to end users has the same likelihood for environmental destruction as oil. Pollution is the most dangerous adverse impact of offshore oil and gas projects involving liquid, solid, gaseous and aerosol discharges and emissions. However, there is no standard or accepted methodology to quantitatively assess the impact.

Drilling muds and cuttings from oil and natural gas extraction are saturated with hundreds of different substances and compounds which pose ongoing ecological threats. The muds and cuttings are most often not properly disposed of and may contain heavy metals such as mercury, lead, cadmium, chromium, copper and zinc. Both Unocal and Total were guilty of wrongfully discharging mercury into the Andaman Sea during the extraction process of natural gas as part of the Yadana-Yetagun gas project.

In addition to environmental pollution, offshore oil and gas production involves displacement of traditional fishing

areas. Recent studies including a study published in "Lancet," the prestigious medical journal in England, have also linked asthma and other serious respiratory illnesses to household use of natural gas in cooking stoves, furnaces and hot water heaters.

There are alternative sources of energy to natural gas and oil, namely solar, wind, micro-hydro power and biomass, each of which is sustainable, renewable and affordable. Recent studies have indicated that if biomass were used in India, India could meet the energy needs of twenty million households, provide employment for ten million people, and reduce harmful carbon dioxide emissions by thirty six million tons. Each of the countries involved in the Shwe Gas Project, Burma, South Korea, India and China, have significant and untapped capacity for alternative energy production which is currently being ignored.

Part VI will be the last of this six part series and will discuss the potential environmental impact of the proposed pipelines to India and China and the human rights abuses that have already begun to be reported.

**Please read Part VI in the next edition**

*Part VI of this six part series will discuss the constructon of pipeline to India and China will cause futher environmental degradation and human rights abuses.*

*The Author is a freelance environmental journalist in Minneapolis, Minnesota, USA.*

*Continued from page 4-*

But the Karen Rivers Watch group said a Myanmar military offensive has driven thousands of ethnic Karen from their homes, in part to open up the area for the building of the dams.

"Of all the business that is going into Burma ... the amount that goes toward the health and education of the people is pathetic, said Ka Hsaw Wa of EarthRights International. "Most of it just goes to the military junta and helps to strengthen their military power."//

AP

# Myanmar Gas Pipeline to Bypass Bangladesh

*(Aug 12, 2006)*

DHAKA (Reuters) — India will bypass Bangladesh while building a proposed gas pipeline from Myanmar after Dhaka set tough terms for the project to pass through its soil, tripling its estimated cost, Indian officials said on Wednesday.

The pipeline will now pass through India's northeastern states, inflating its estimated cost to \$3 billion due to the longer distance, they said. Indian state firms have begun survey work, although they have yet to secure a gas import deal with Myanmar, which is also considering sales to China and Thailand.

“Bangladesh wanted India to reduce the huge bilateral trade deficit, allow transit to Nepal and Bhutan and sale of electricity from those countries to Bangladesh through Indian territory,” said a senior Indian foreign ministry official.

“These are essentially bilateral issues and cannot become part of a trilateral agreement. If we accept such conditions once we would be setting a bad precedent,” the official, who did not want to be identified, told Reuters.

Negotiations on the gas deal with Myanmar had picked up pace, the officials said, but added that a timeframe could not be set to conclude an import agreement.

India plans to import gas from two offshore blocks, with Indian state energy firms owning 30 percent in each block. The new pipeline route is expected to cover a distance of 1,400 km (870 miles), the officials added.

India's rapidly growing economy — Asia's third-largest — has witnessed energy demand soar. But it imports 70 percent of its crude oil and produces barely half the gas it consumes.

New Delhi, as a result, has been aggressively pursuing plans to build transnational gas pipelines and is also seeking foreign oil assets to feed demand.

Bangladesh Foreign Secretary Hemayetuddin said there had been no discussions on the pipeline with India for some time now.

“So I cannot say if it is going to be pursued or has been given up,” he told Reuters.

This is the second setback for Bangladesh in its dealings with neighboring India. Indian conglomerate Tata last month suspended work on a \$3 billion investment plan in Bangladesh because of delays by Bangladeshi authorities.

## Security concerns

Besides the project in Myanmar — which says it has the world's tenth-biggest gas reserves estimated at more than 90 trillion cubic feet — New Delhi is also planning gas pipelines from Iran and Turkmenistan.

India, Myanmar and Bangladesh signed a trilateral agreement early last year to build the 290-km (180-mile) pipeline for New Delhi's first such international project.

If the plan had gone ahead, Bangladesh had expected to get about \$350 million in investment and to earn \$100 million in annual transmission fees.

Bangladesh also expected to get another \$100 million as one-off right of way charges from the project and \$25 million each year for sharing management.

Although security concerns dogged the project due to threats from Muslim groups and Indian rebels New Delhi says are hiding in Bangladesh, the bilateral conditions set by Dhaka proved to be deal breakers, a senior Indian diplomat said. “This change of plan might prove to be a boon in disguise,” the diplomat said. “It will help the development of the northeast due to massive investments and also because a modern highway has to be constructed along the pipeline.”

Security would remain a worry as parts of India's northeastern region are troubled by long-running insurgencies by ethnic and tribal rebels demanding more autonomy or freedom from India, the diplomat said. “But it is any day easier to protect the pipeline in our own territory than in a foreign land where we would be dependent on local security agencies.”

India and Bangladesh traditionally share friendly ties but New Delhi's \$1 billion trade surplus, frequent border clashes and charges that Dhaka hosts anti-Indian militants have led to distrust between the South Asian neighbors.//

## Gas and Oil discovered in Myanmar

*By Anuchit Nguyen Bloomberg News (Aug 6, 2006)*

BANGKOK, PTT Exploration & Production, Thailand's state-controlled oil and gas exploration company, has discovered a "significant amount" of natural gas and oil reserves in (block M-9), Myanmar, the Thai prime minister, Thaksin Shinawatra, announced.

The discovery will secure a sufficient supply of natural gas and oil for Thailand in the future, Thaksin said in a weekly radio address Saturday. Last Wednesday, the prime minister discussed cooperation between Thailand and its neighbor with General Than Shwe, head of the ruling military junta, in Myanmar's new capital, Pyinmana.

PTT Exploration, based in Bangkok, is 66 percent owned by state-controlled PTT. The company plans to spend 233 billion baht, or \$6.16 billion, between now and 2010 to increase production of crude oil and natural gas at home and overseas. The company has contracts to explore and develop oil and gas fields in countries like Vietnam, Myanmar, Indonesia and Algeria.

"Myanmar will continue to be Thailand's biggest source of energy," Thaksin said. Thailand and Myanmar also plan to jointly build hydropower plants and dams, he said.

PTT Exploration, one of Thailand's biggest natural gas producers, owns the sole right to explore for oil and natural gas in three projects in the Gulf of Martaban off Myanmar. The company is a minority shareholder in the Yadana and Yetagun gas fields in the Gulf of Martaban. Ratchaburi Electricity Generating Holding, Thailand's biggest private power producer, buys all the natural gas it uses to generate power from Myanmar's Yadana and Yetagun fields.

Myanmar has been under international sanctions since the ruling military junta rejected the results of elections in 1990, which were won by the opposition National League for Democracy.

Thaksin said that he had also discussed the pace of political development in Myanmar.//

## Ancient Mrauk-U Palace Turned into Castor Oil Plantation

*Narinjara News (Aug 5, 2006)*

Mrauk U: The old palace grounds of the last capital of the Kingdom of Arakan has been marked by the Burmese military authority to become a castor oil plantation, report local community sources.

A teacher from Mrauk-U said that the military authorities in the town were destroying the heritage of Arakanese people by planting castor oil plants in the third tier of the last Arakanese capital.

He said, "The authority got the Women's Organization and the USDA members to plant castor oil plants. Township Peace and Development Council Chairman, U Tin Hlaing, and the Township Women's Organization Chairperson, Daw Aye Thida Nyunt, organized this new plantation."

A resident of Taung Rat Quarter in Mrauk-U expressed his discontent over the plantation, saying, "This is an insult to our people when they choose the palace hill as the site for a plantation. This is the heritage of the Arakanese people. It is one of the most valuable places for the future generations of our people. They re-built the palace of Mandalay as if it were a heavenly palace; they are destroying our ancient palace. This is a systematic effort to destroy our history."

In recent years, the main tier of the palace has been excavated to reveal archaeological remains of the last Arakanese kingdom, but they did not refill the excavation pits - leaving the remaining structure under threat.

A monk from Mrauk-U comments that "the Burmese government is saying it is important to maintain cultural heritages, but it is acting contrary to this. They didn't refill the pits after the excavation. Now they are going to plant castor oil plants. It is as if the Burmese are saying that Arakanese cannot do anything if the government decides to do what it wants in Arakan - that they can do whatever they want." Mrauk-U palace was built by Morm Saw Mwan in 1430 and survived until 1784, when it was destroyed by invading Burmese troops. The only structure remaining is a walled hill at the site of the ancient Mrauk-U palace. #

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*Contributions of pictures, articles, news, or research papers are welcome. Any suggestions or advice to improve the quality of news and information sharing from you are most valuable to us.*

# Arakan Reserves May Satisfy S-Korea's Gas Needs for Five Years

Aug 11, 2006

South Korea's Daewoo International announced early this month that three offshore gas fields in western Burma, the Arakan A-1 and A-3 blocks, had proven reserves of 5.7 trillion to 10.0 trillion cubic feet (Tcf), with up to 8.6 Tcf believed to be recoverable.

The gas reserves were officially certified by a U.S based evaluator, oil industry consultant Gaffney, Cline & Associates Ltd., according to Daewoo.

The 10 Tcf gas reserves amount to around 200 million tons of liquefied natural gas.

"The amount is enough to satisfy South Korea's gas need for five years," Daewoo International's president Lee Tae-young said in a news conference. South Korea consumes 23 million tons of LNG annually.

Daewoo said it would start marketing the gas later this year and sign sales contracts by the middle of 2007. On this schedule, production is likely to begin somewhere between late 2009 and the middle of 2011.

"We will start negotiations to sell gas to India, China and Thailand in the second half of 2006. The company will



South Korea's Daewoo office in Rangoon

also discuss LNG sales to South Korea, Japan and Taiwan," Daewoo said in a statement.

Late last month, Thailand signalled its interest in procuring exclusive rights to Arakan's gas reserves.

Myanmar has signed energy cooperation agreements with India and China. Both nations have been trying to purchase rights to gas from the A-1 since last year, and feasibility studies have been carried out for plans to transport gas to both countries.

The company said it has acquired certifications for the Shwe and Shwe

Phyu structures in Arakan offshore block A-1 and the Mya structure in block A-3.

The certifications show that the Shwe structure has between 3.4 and 5.4 Tcf of proven gas reserves, higher than the 2.9 – 3.6 Tcf assayed in December.

The smaller Shwe Phyu structure has 0.5-1.2 Tcf of proven reserves with 0.4-0.9 Tcf recoverable.

The Mya structure inside block A-3 has 1.8-3.4 Tcf of proven reserves with 4.8-8.6 Tcf recoverable.

(SGB)

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Monthly Bulletin

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