

Suit Over Oil Revenue By Kelantan Government To Be Disposed Of By Way Of Issues Of Law
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KUALA LUMPUR, Jan 18 (Bernama) -- The Kelantan state government's breach-of-contract suit against Petroleum Nasional Bhd (Petronas) will be heard and disposed of by way of issues of law.

Justice Datin Zabariah Mohd Yusof granted leave upon applications by the federal government and Petronas for the judge to decide the suit by determination of issues of law.

Zabariah made her ruling after hearing lengthy submissions by all parties today and set Feb 20 for case management.

The two applied to the judge to decide the case by way of issues of law under Order 14A of the Rules of the High Court 1980 and Order 33 of the same rules without going for a full trial.

Senior Federal Counsel Datin Azizah Nawawi acted for the federal government, lawyer Tan Sri Cecil Abraham represented Petronas while lawyer Ganesan Nethi and Nur Ashikin Abdul Rahim acted on behalf of the Kelantan state government.

Speaking to reporters later, Azizah said the federal government had proposed three questions or issues of law for the suit while Petronas has submitted five issues of law.

"However, the first three issues raised by the federal government and Petronas are almost similar," she said.

The two main issues are whether the Kelantan government has any right under the law over petroleum won and saved in the 'continental shelf' (as defined under the Continental Shelf Act 1966) and whether the state is entitled for any payment over the petroleum.

The Kelantan state government is suing Petronas for allegedly breaching the contract on cash payable to Kelantan over oil revenue.

In the lawsuit filed on Aug 30, 2010, the plaintiff has named Petronas as first defendant in the suit.

The federal government, however, had succeeded in its intervenor application and named as second defendant in the claim.

In its statement of claim, the Kelantan state government demanded that Petronas pay the outstanding and future cash payments for petroleum produced off the Kelantan coast as set in the petroleum agreement.

The state government is also seeking damages and costs. However, it did not specify the total amount of the claim sought from Petronas.

In the suit, the state government said that the Kelantan Petroleum Agreement signed on May 9, 1975, clearly stated that Petronas should pay in cash five per cent of oil revenue either from exploration onshore or offshore.

It said that a clause of the agreement stated that the payment should be made in cash twice a year on or before March 1, or on or before Sept 1.

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